Daily Report

East Europe

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NOTICE TO READERS: As of 2 January 1991, television sourcelines in the DAILY REPORT will reflect how a station identifies itself. In most cases, this change eliminates the "Television Service" designation in favor of the station identification as broadcast. The presence of a new television sourceline reflects this change in policy, rather than the establishment of a new station or network.

NOTICE TO READERS: * indicates material not disseminated in electronic form.

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Hungary, CSFR, Poland Summit Set for January

LD2912011690 Budapest Domestic Service in Hungarian 2100 GMT 28 Dec 90

[Text] A Hungarian-Czechoslovak-Polish summit was prepared for in Prague today. After the talks, Tamas Katona, state secretary for the Foreign Ministry, briefed Hungarian correspondents in Prague—among them Evelyn Forro.

[Forro] This meeting served as a preparation for the Hungarian-Polish-Czechoslovak summit planned for mid-January, said Tamas Katona, and then added: These three countries are rowing the same boat and praying it does not sink. He said it would be dangerous for the three countries to form a small bloc, for it would then be immediately asked: Against whom? Hungary cannot, however, belong to any bloc directed against either Germany or the Soviet Union.

At the Prague discussion there was also mention of an unforeseeable [as heard] danger in the expected stream of Soviet refugees. Tamas Katona said that while Western Europe is trying to close the gates, Hungary wants to avoid introducing compulsory visas as long as possible so the Hungarians in Sub-Carpathia can travel.

Although there was no separate mention of the situation of the nationalities at the exchange of views in Prague, it is expected that it will be on the agenda of the planned summit in Visegrad. In connection with this, the state secretary recalled that an agreement with the Ukraine on a nationality codex could be concluded already. This proves that cooperation is possible even on this issue. It would be good if it served as an example, he added. He considers the assertion of the rights of Hungarians living beyond our borders to be important, but, as he pointed out, Hungarian national aims can be served only by a European Policy.

PDSh Forms Two New Branches; Rallies Held

Durres Rally Held 3 Jan

AU0301194191 Tirana Domestic Service in Albanian 1900 GMT 3 Jan 91

[Text] A rally was organized this afternoon in the square in front of the stadium in Durres on the occasion of the formation of the branch of the Democratic Party [PDSh] in this city.

Representatives of the Initiating Commission of the PDSh such as Artan Hoxha, Minush [name indistinct], Bardhyl Reso, Aleksander Meksi, and Arben Imami spoke. The Albanian nation, they said among other things, has shown its dignity once again in the process of democratization, and has shown that Albania may be fully integrated with dignity in the European Community, according to all the obligations of the CSCE.

With the creation and legalization of the PDSh, we have a state with political pluralism, in which this party, like the Albanian Workers Party, may carry out its activity. The speakers again repeated at this rally their demands for postponement of the People's Assembly elections until May and for the release of political prisoners. The PDSh, they said, as its program foresees, wishes to enter into the process of the country's full democratization and the electoral campaign with dialogue and tolerance and without compromise on aspects of the country's political, economic, and social life. As for the organs for the maintenance of public order and the Army, as organs of the law- governed state, they stressed, they must be clearly separated from political parties. This is something that must be definitively solved in the new constitution. The slogans freedom and democracy and we love Albania like all of Europe were shouted at the rally.

Shkoder Rally Held 3 Jan

AU0301212391 Tirana Domestic Service in Albanian 2100 GMT 3 Jan 91

[Text] The Democratic Party [PDSh] organized a rally this afternoon in Isa Boletini Square in Shkoder on the occasion of the creation of the Democratic Party's branch in this city.

In their speeches, representatives of the Initiating Committee for the creation of the PDSh—after recalling the distinguished patriotic and democratic traditions of this city—said that the PDSh has undertaken the struggle for integration into the great family of European democracy, freedom of conscience, free initiative, the rule of law, the drafting and implementation of a policy of conciliation for the entire nation, etc.

They also emphasized the PDSH's program for integration in European processes, joining these processes not by destroying but by building on the road of tolerance and reason, showing Europe that we are as civilized as Europe itself.

Speakers also presented familiar demands for the postponement of the elections and the release of political prisoners.

Foreign journalists were also present at the rally.

The rally took place in a correct manner in accordance with the laws and regulations in force; however, its participants later demonstrated in the streets, shouting slogans which were not submitted in their application for the rally.

PLA Publishes Electoral Program 3 Jan

AU0301153191 Tirana International Service in German 1330 GMT 3 Jan 91

[Text] The newspaper ZERI I POPULLIT, organ of the Albanian Workers Party [PLA] Central Committee, today publishes this party's electoral program. It states that the current People's Assembly elections will take place under conditions in which the democratic development of our society has entered a qualitively new phase. Under these conditions, the party will struggle as the initiator and leader of numerous extensive democratic reforms to create a system of law which will guarantee that citizens' rights and duties will correspond to European standards. One of its principal goals will be the creation of a state governed by the rule of law, in which the activities of the state are sharply distinguished from those of the party. It will work to ensure that the activities of the state organs and the organs of justice are conducted according to the law.

The PLA, the program states, will reorganize itself in all its branches at all levels, to establish its role in society. It will in the future work together with mass organizations to strengthen the unity of the people. It favors a legal dialogue for correct and democratic relations with every political force in the country.

The PLA's economic program expresses the duty to carry through radical economic reforms and to replace the system of central management and administration with market economy mechanisms. The party will struggle to overcome the difficult economic situation within a short time, so supply of production with raw materials and of the market with staple consumer goods can be normalized again from domestic sources and with the help of credits. The economic program will, among other things, aim to raise the economy's production and profitability, modernize technology, decentralize and reorganize production and services, and gradually adapt prices to values at home and in foreign trade. The program emphasizes the realization of the program for food supplies, struggling to carry out investments in agriculture.

Alongside cooperatives as profitable economic bodies, the party will also support the initiative of the cooperatives to practice new forms of cooperation. The program foresees further growth in economic production and

financial cooperation with foreign partners with encouragement for their investment in Albania.

An important aspect of the PLA's commitment is the full employment of citizens and the work force which has arisen from population growth and lay-offs due to technical progress. This will be achieved through investment from domestic sources and foreign sources, encouraging the initiative of collectives and individuals with regard to new useful businesses, and making easier the organized economic emigration of citizens, whose right to return to the homeland whenever they wish will be recognized.

In the field of foreign policy, the PLA will struggle to protect the interests of the homeland. It will be hard pressed to involve Albania in all progressive processes in the world that contribute to strengthening peace and general security. The party will pursue a policy in all its relations with foreign countries which protects independence of thought and action. It will struggle to make the country an active participant in the CSCE process. European security must be a general security, and conflicts and divisions caused by the policy of blocs and the cold war mentality must be quickly eliminated and must be accompanied by all-sided economic cooperation to overcome differences in development.

The PLA favors the democratization of international relations, in which the views of all countries, large and small, will be heard and respected. The program underlines the unchanged policy of good neighborliness. The Balkan countries must overcome their old conflicts, quarrels, and strife, and live with each other in peace and friendship. In connection with the ethnic conflicts inherited from the past, the PLA takes the view that they can be solved on the basis of modern concepts of the vision of a future Europe.

In connection with the Kosovo question and the question of all Albanians in Yugoslavia, the party's stand will correspond to and determinedly support their national aspirations and their just demands. It will struggle to intensify relations and contacts with compatriots abroad. The PLA will support peoples who struggle for their national and social liberation, democracy, and progress. The program expresses the PLA's trust that the election campaign will contribute to strengthening the patriotic spirit of the Albanian people.

Internal Affairs Official on Security Situation

AU0301184191 Skopje NOVA MAKEDONIJA in Macedonian 29 Dec 90 pp 1,6

[Interview with Deputy Internal Affairs Minister Veip Proda by Nevenka Mitrevska; place and date not given: "The Situation in the Country Is Still Tense"; first two paragraphs are introduction]

[Text] Tirana, 28 Dec—The contradictory information and rumors about what happened in Tirana and in the interior about 15 days ago have still not subsided. In an effort to get the facts, as well as to check the readiness of the Albanian state leadership to open itself toward the public and the world, we asked for an interview with Albanian Internal Minister Hekuran Isai. With the help of the Press Department of the Foreign Affairs Ministry we managed to get only his deputy, Veip Proda.

A Diplomat in the Police

Proda assumed the post of the deputy minister for internal affairs four months ago. He speaks a little Serbo-Croatian he learned while working in the Albanian Embassy in Belgrade. He explains the reason for having been given his present post as the need for the service to have at least one diplomat in it. He told us that he is working on his doctoral dissertation at the moment (yesterday, after the interview had already been made, we learned that he had become a Central Committee member) and that he also used to write for newspapers. He said that he agreed to meet us because he was convinced that correct reporting is in the interest of both Albanian and world public, and particularly the public in Balkan countries because the factors of stability and instability in a country inevitably affect its neighbors.

[Mitrevska] What, in your opinion, is the security situation in the country like in the wake of the recent demonstrations and do you think there is a danger of their being repeated soon?

[Proda] The events that recently occurred in our country are something we have not been used to. In comparison with normal everyday life in the past, the situation in the country is still tense. This is understandable. New processes cannot take place in the everyday calm we had in the past. This happened not only because of the events here in our country, but also because of the examples we have had recently in other Eastern European countries. This is why it is the task of all Albanians not to allow what happened to others to be repeated in our country—that is, that the entire society, all of its strata, should make their own contribution to making all the changes occur as normally and calmly as possible. This is, above all, a task for the Albanian Workers Party and President Ramiz Alia. Whatever may have been written and said, Ramiz Alia is the initiator and leader of all changes toward democracy. It is great luck for us that everybody, members of the Albanian Workers Party, the state administration, internal affairs organs, and diplomats, are convinced that there is a need for a deeper democratization which would be conscientiously realized. Can it be in anybody's interest to desire unrest and turbulence?

In this respect, the responsibility of our service is also very big, so this is why we do not respond to provocations and extremist behavior in kind. If we strictly implemented the laws, we would have many victims so far; however, we do not have them. The interventions and arrests that we have performed are minimal compared to the damage caused.

Provide Names, and Then We Can Talk

[Mitrevska] According to official information, there have not been any casualties in the recent clashes, either among demonstrators or the police, but rumors spread in the world are different—about 30 killed and scores of people injured. Apart from this, there have been stories recently on a new wave of arrests that are reportedly being carried out by security organs who barge into people's homes during the night, in Elbasan and some other provincial towns in particular, and that young men were taken to jail and were investigated as their parents looked on. What can you tell us about that?

[Proda] I would ask you to find out names, at least some of the names of the people killed and wounded, apart from the wounded members of the forces of law and order, and then we could talk about these questions. I claim that there have been no subsequent arrests. Concerning these rumors which are constantly been spread about the situation in Albania, I would like to make a comparison: The first reports about the events in Romania last year put the number of people killed in them at 80,000, only to have a final number which was reduced to about 1,000, and even that has still not been confirmed. In my opinion, this will remain one of the biggest controversies in the modern press. There has not been a single killing or a serious injury in our country.

[Mitrevska] Here in Tirana, one hears the story that there were two types of demonstrations in Albania around 10 December—one were student demonstrations in Tirana and the other were the ones elsewhere in Albania which had the same slogans glorifying democracy and Ramiz Alia. The latter, however, were accompanied by hooligan behavior behind which are reportedly some currents in the police and the Army. These currents are not interested in democratic processes and their aim was to find an excuse to use force and intervene in order to stop the process of democratic changes that has just begun. What is your comment?

Subversive Activities and Rumors

[Proda] From a strictly legal point of view, students' demonstrations in Tirana and events in other towns and their consequences are unlawful. According to the law, any organization which wants to organize a meeting, celebration, or any other mass gathering should ask three days in advance to be granted a permit to hold the meeting. This does not apply to students alone. In fact, this practice has been started, as an example to others, by the ruling Albanian Workers Party [PLA] which must ask a chief of police for a permit if it wants to hold any kind of meeting. Students in Tirana have not done so, not to speak of the meetings held in the interior. Concerning the forces behind the unrest in the interior, you can draw your own conclusions from the following two facts: On 3 July, a large number of our people should have been given visas for travel, but on 2 July, an unusually large number of people gathered in front of foreign embassies in Tirana. Instead of opening doors to them and letting them enter freely, the embassies' staff suggested to them that they jump over the fences and closed doors. In this way "political asylum seekers" and the so-called embassy crisis were created. The 13 November plenum of the PLA Central Committee has given the green light to the inauguration of a multiparty system in Albania, and less than a month later these well-known demonstrations broke out at which a multiparty system was demanded. Have they served to further democratize processes? I do not think so.

[Mitrevska] There was a rumor in Tirana one day that all milk sent by the City Dairy to shops in the morning was poisoned.

[Proda] The report was false, something which, after all, you can read in the newspapers of the next day that carried an announcement of the Institute for Hygiene and Bacteriology. On that day, not a single citizen of Tirana asked for medical assistance because of poisoning.

[Mitrevska] That still does not reduce the danger of these rumors as a proven weapon in a propaganda war aimed at causing destabilization and spreading fear and distrust among the population.

[Proda] We are aware of this and you should be certain that we will establish where the rumor originated from and who spread it....

[Mitrevska] About 10 days ago, there was a powerful explosion in the Enver Engine Factory in Tirana which caused huge material damage in the factory's warehouse. Have you found out who planted the explosive?

[Proda] I must make a correction immediately—that was not a bomb. A fire broke out there. The investigation has still not established whether the fire was the result of arson or negligence.

Tourist Official Interviewed on Development Plans

AU0301213591 Tirana Domestic Service in Albanian 1900 GMT 3 Jan 91

[Interview with Jeton Hajdaraj, general director of Albturizmi, by (Pieri Neka); place and date not given—live or recorded]

[Text] [(Neka)] Comrade Jeton, how many tourists visited our country this year, and what is planned for next year?

[Hajdaraj] About 30,000 foreign tourists visited our country in 1990, or about 10,000 more than in 1989. The number of tourist groups made up of Albanians living abroad also rose significantly this year. Many countries in the world have developed tourism, and some of them have made it an economic sector with high earnings. In this context, our country's beautiful landscape, both on the coast and in the mountains, is a wonderful basis for further developing high-quality tourism with high net earnings. We think that we should develop high-quality

tourism in our country, avoiding the mistakes made by other countries in the world.

To provide the best possible service to our people and foreign tourists, however, we are making efforts to open new tourists sites such as those in [name indistinct] and in the town of Kukes; however, the number of beds in all tourist areas remains small and they do not meet the demands of our clientele either in quantity and quality. For this reason, in cooperation with foreign firms, we will begin to construct new tourist facilities and rebuild certain existing ones. A contract has been signed with the Italian firm [name indistinct] for the reconstruction of Hotel Adriatik in Durres, and the Rozafa in Shkoder, and for new hotels in Vlore and Berat. These projects will be financed by the Italian firm itself to the tune of $30 million, which will be recouped from earnings of the hotels within a period of 10 years.

Similarly, we have signed a contract for the construction of a 250-bed hotel in the center of Tirana with Illyria Holdings, a firm of Albanians living in Switzerland, and negotiations are under way to complete contracts for new tourist facilities such as two hotels in Durres, and tourist complexes in Divjak and [place-name indistinct], which are expected to amount to a value of $200 million, a sum to be financed by the firm. The hotels and tourist centers to be built will have a capacity of 8,000 beds, and will be supplied with all the necessary comforts of high-quality tourism both for our working people and foreign visitors. These hotels will have a service like that of the Hiltons, Sheratons, or Clubs Mediteranees.

We are also conducting talks with many other foreign firms for the construction of tourist facilities in Tropoje, Velipoje, Lezhe, Peshkopi, and elsewhere. The aim of building these facilities is to develop various new kinds of tourism in our country, such as hunting, swimming, mountain hiking, and riding holidays, etc., which will attract large numbers of superior kinds of tourists. As for the level of services, measures have been taken to train cooks and waiters, both by opening a school in our country, and with courses to be organized by foreign firms in Italy, France, Switzerland, etc. We will soon organize a rent-a-car [preceding term in English] service to assist foreigners visiting our country. With these and other measures, we expect that tourism will develop further and that our guests will be satisfied not only by the country's natural beauties but by the services they are offered, and that this important branch of the economy will earn hard currency.

Comparison of Council of Ministers on Economy

AU2812213990

Tirana Domestic Service in Albanian at 2100 GMT on 28 December 1990 carries a three-minute report on a meeting of the Council of Ministers. This report has been compared with the 1900 GMT 28 December Tirana Radio report published in the 31 December East Europe DAILY REPORT, page 2, revealing the following variation:

Column one, fifth full paragraph, only sentence, through paragraph six, only sentence, reads: ...the economy depends.

The Council of Ministers, after analyzing the economic and financial situation of the agricultural cooperatives in hilly and mountainous areas, recommended the necessary studies to be carried out to enable the appropriate decisions to be made to alleviate this situation within the shortest possible time.

Instructions were given.... (supplying variant version.)

470 Cross Border Into Greece; 70 Return Home

AU0301201091 Paris AFP in English 1645 GMT 3 Jan 91

[Text] Athens, Jan 3 (AFP) — Four hundred and seventy ethnic Greek Albanians crossed the border into Greece on Thursday [3 January], but 70 of them decided to return to Albania shortly afterwards, Greek Deputy Interior Minister Nikos Klitos said. The arrivals brought the total number of refugees to around 3,600 since the mass exodus began on December 29. Mr. Klitos said that the refugees decided to return when they saw the conditions created by the mass influx in the village of Filiates.

Living and sanitary conditions near the border for the newly arrived refugees were becoming critical, compounded by the incompetence of Greek authorities and the growing hostility of the local population, according to several sources.

Meanwhile, the Greek Government asked the U.N. High Commissioner for Refugees to register the arrivals in order to prevent the Albanian Government from refusing to receive them on the grounds that they were not Albanian citizens, a government spokesman said. In Luxembourg, Foreign Minister Andonios Samaras was to ask the European Community for financial assistance to deal with the unprecedented influx, according to press reports.

Albanian border guards fired shots in the air overnight Wednesday as refugees attempted to cross into Greece, forcing a dozen of them to return to Albnaia, according to witnesses. The incidents marked the first occasion since the beginning of the mass exodus that border guards had resorted to the use of firearms.

On Wednesday, Greek officials had accused the Albanian Government of encouraging the exodus by spreading false rumors. "To leave their country would be a historic error for these Albanians," Mr. Samaras said on Thursday. He added that the Greek Government would attempt to gain assurances from Albanian authorities that refugees returning to Albania would not be punished.

A total of close to 3,000 ethnic Greek Albanians crossed into Greece during 1990 up to December 29, while 17 arrived in 1989 and 7 in 1988. Alekos Papadopoulos, Socialist deputy for the border region of Thesprotias,

told Greek television that he expected 10,000 more refugees to arrive in the next several days. Many of the refugees, including children and pregnant women, are in poor health. A large number of persons, including 15 children, have been hospitalized in Filiates, according to hospital officials.

Athens Envoy Meets Foreign Ministry Official

AU0301140691 Tirana ATA in English 0911 GMT 3 Jan 91

[Text] Tirana, January 3—The ATA reporter was informed that on January 3, the Albanian ambassador in Athens, Izedin Hajdini, met with the vice-secretary general of the Greek Foreign Ministry, the ambassador Megalokonomi [name as received]. During the meeting they discussed about the situation created at the Albanian-Greek border, regarding its illegal passing.

During the meeting the representative of the Greek Foreign Ministry confirmed the statement made on January 1 by the prime minister of the Greek Republic, Kostandinos Mitsotakis, who, as the Greek press reported, has stressed among others that the people of minority should stay in Albania. On his part, the ambassador Megalokonomi stated to the Albanian ambassador that Greece does not wish the Albanian citizens to leave their country. They, he said, are Albanian citizens and should work and live in Albania.

SDS Ministers Threaten To Resign From Cabinet

AU0301171191 Sofia BTA in English 1636 GMT 3 Jan 91

[Text] Sofia, 3 Jan (BTA)—Today parliament resumed its business. It is expected to ratify the agreement which the political forces initialed at the end of last year and which made it possible to form a new government.

The agreement was to be signed today by noon but the signing was put off for a couple of hours. It transpired in the lobbies that this may not happen at all and that the ministers of the Union of Democratic Forces (SDS) were threatening to resign from Mr. Popov's cabinet.

For joining Mr. Dimitur Popov's "coalition cabinet" Mr. Ivan Pushkarov, minister of industry, trade and services, was expelled from the Bulgarian Social Democratic Party (BSDP). The party leadership pointed out that he joined Mr. Dimitur Popov's cabinet "defying the explicit ban of the party's national conference."

Mr. Pushkarov is threatening to resign if his party denies him its support. Two other SDS cabinet members: Deputy Prime Minister Dimitur Ludzhev and Minister of Finance Mr. Ivan Kostov who, along with Mr. Pushkarov, consider themselves a team, have also issued resignation threats.

Well-informed members of the SDS say the Social Democrats' leader Mr. Petur Dertliev is settling his own accounts. Mr. Pushkarov advocates a modern tendency in the Social Democratic Party. The BSDP constitution, however, does not permit factions.

Mr. Dertliev told the BTA today he will support the cabinet and its programme but he will not do what the SDS ministers ask for—to express support for any individual minister.

Parliamentary Factions Sign Political Agreement

AU0301191491 Sofia Domestic Service in Bulgarian 1840 GMT 3 Jan 91

[Announcement by unidentified reporter in the Grand National Assembly in Sofia—live]

[Text] In the Grand National Assembly today the political forces represented in parliament signed the long-awaited Political Agreement on a Peaceful Transition to a Democratic Society. It cannot be said, however, that the champagne flowed in the East Hall, where the signing ceremony took place. Seven of the political forces signed the agreement with reservations, while the Podkrepa Labor Confederation, although welcoming the agreement, did not sign it.

Schedule for Elections Set

AU0301194591 Sofia BTA in English 1918 GMT 3 Jan 91

[Text] Sofia, 3 Jan (BTA)—Local elections will be held in Bulgaria in late February or early March this year, and parliamentary elections will take place in May 1991 at the latest, according to an agreement signed this evening by the parliamentary political parties.

The agreement settles key problems of a peaceful transition to democracy. The political forces drafted it and agreed on it in principle back at the end of last year. It deals with parliament and with the priority legislation it has to pass, with the property of parties and organisations, with the guilt and the responsibility of the BSP [Bulgarian Socialist Party], with the government formula, with the local authorities and with the settlement of social disputes.

The leaders of 15 parties and organisations signed the agreement and six of the SDS [Union of Democratic Forces]-affiliated parties and organisations, the Movement for Rights and Freedoms and the Social Democratic Party (Non-Marxists) expressed reservations on some of the sections. The signing ceremony was attended by President Dr. Zhelyu Zhelev and by Prime Minister Mr. Dimitur Popov.

The Green Party, the Democratic Party and the United Democratic Centre have reservations about the formula of Mr. Dimitur Popov's government. The Radical Democratic Party, the Democratic Party and the United Democratic Centre, as well as the Social Democratic Party (Non-Marxists), take exception to the section dealing with the guilt and responsibility of the Socialist (formerly Communist) Party. The Federation of Glasnost and Democracy Clubs and the Bulgarian Social Democratic Party also expressed reservation on signature.

The Confederation of Independent Trade Unions signed the agreement with reservations, and the Podkrepa Labour Confederation refused to sign, claiming that its partner should be the government rather than the political forces. Three of the parties disagreed with the section of the agreement dealing with trade union matters.

"The agreement between the political forces on a peaceful transition to democracy is a very important act," President Dr. Zhelyu Zhelev told the press. "What matters now is to implement this agreement because it is exceedingly important for a speedy economic and political democratization," he said.

Prime Minister Mr. Dimitur Popov takes a similar view. He sees the document as a resolute step towards the democratization of the state.

The president and the prime minister believe that the agreement will give confidence to Bulgaria's foreign partners.

The leader of the Union of Democratic Forces [SDS] Mr. Filip Dimitrov also commends highly the signing of the agreement. In his view it reflects the changes brought about in Bulgaria since the June 1990 elections. If it were not for this agreement, the Grand National Assembly, after drafting a Constitution, might have decided to extend its life as a regular parliament. According to Mr. Dimitrov the text concerning the responsibility of the BSP [Bulgarian Socialist Party] whose predecessor, the BCP [Bulgarian Communist Party], has been running the country for the last few decades, does not meet the requirements of the opposition he leads but what matters is that it is there at all. The SDS has been pressing the BSP to admit its guilt.

Mr. Ahmed Dogan, leader of the Movement for Rights and Freedoms, which also signed the agreement, has some reservations about the text barring trade unions from political activities, still, the political agreement is not a law, it has yet to be codified into law by parliament, Mr. Dogan said.

Mr. Aleksandur Lilov, the Socialists' leader, is pleased with the deal. He is not worried about the reservations on signature, expressed by quite a few SDS leaders. Mr. Lilov dismisses the claims that the deal was reached by a handful of politicians instead of engaging the whole parliament.

The satisfaction expressed by the political forces, however, did not conceal a row which nearly proved fatal for the agreement and for the government. Mr. Ivan Pushkarov, minister of industry, trade and services, has been expelled from the SDS-affiliated Bulgarian Social Democratic Party (BSDP) for having accepted the portfolio. In SDS quarters this is viewed as a feud between Mr. Pushkarov and the Social Democrats' leader Dr. Petur Dertliev. As a whole the SDS, including the BSDP, supports the government. Mr. Pushkarov, however, expects support from the party of which he was member. The SDS leader Mr. Filip Dimitrov believes that the "Pushkarov case" is an inner party matter for the BSDP after Mr. Pushkarov received assurances of support at today's meeting of the parliamentary SDS. Mr. Pushkarov says Mr. Dimitur Ludzhev, deputy prime minister, and Mr. Ivan Kostov, minister of finance, share his opinion.

Interior Minister Announces Reorganization Plans

AU0301210691 Sofia BTA in English 2040 GMT 3 Jan 91

[Text] Sofia, 3 Jan (BTA)—Mr. Khristo Danov, minister of internal affairs, told the press that stepping up actions against the black market and smuggling will be a top priority of his ministry.

Referring to the forthcoming reorganisation of the Interior Ministry, Mr. Danov said that the entire criminal investigation system will be separated from the ministry. The Ministry of Internal Affairs will become more readily accessible to the public. There will be wider opportunities to work with items of the so-called special archives kept in the ministry's units.

Concerning the files of the now disbanded Department Six (the secret political police), Mr. Danov expressed the view that for the time being they should not be made public. If it is confirmed that Department Six officers smuggled out some materials before the department was disbanded, the culprits will be prosecuted to the full extent of the law. Efforts will be made to recover these papers. Mr. Danov did not rule out the possibility that some of the documents may have been destroyed or that they may be used for blackmail.

Minister Chernozemski Views Health Care Reform

AU0301165291 Sofia BTA in English 1538 GMT 3 Jan 91

[Text] Sofia, 3 Jan (BTA)—"Our task is, basically, to reform the health service as intended despite the harsh conditions," Professor Ivan Chernozemski, minister of health, told a news conference today.

The ministry decided to carry out the reform in five main areas: preventive medicine, health services, economy and finance, medical education and science, and management and information. This requires structural changes in the ministry. Departments will be set up to run the listed spheres and each department will form several working groups.

"We believe it is very important to put together a team of experts and not of bureaucrats," Professor Chernozemski said. "Therefore, we decided that the ministry staff members should practice their specialties for a couple of months a year, so as to keep abreast of practical medicine. This will give them first-hand information of the progress and the problems in the fields they are in charge of."

The five million ECU [European Currency Units] granted under the Phare programme will be used to buy children's health care equipment.

Professor Chernozemski announced that the World Health Organization is opening a permanent mission in Bulgaria.

Popov Receives Soviet Assurance on Oil Deliveries

AU0301170191 Sofia Domestic Service in Bulgarian 1600 GMT 3 Jan 91

[Text] We start with the important piece of news that the deliveries of petroleum will be normalized.

Today Council of Ministers Chairman Dimitur Popov received Vladimir Ivanisov, charge d'affaires ad interim of the Soviet Embassy to Bulgaria, whom he presented

with a message for the chairman of the USSR Council of Ministers requesting a speedy solution to the problem of petroleum deliveries.

At the meeting Mr. Ivanisov announced that in Moscow a special group has met under the chairmanship of Vladimir Gusev, chairman of the Soviet section of the Bulgarian-Soviet Commission for Economic, Scientific, and Technical Cooperation; the group is making efforts to ensure that the deliveries return to normal. The Soviet trade representation has spoken with the petroleum producers in Tyumen and Bashkiriya with this aim [passage indistinct].

Prime Minister Dimitur Popov stated that Mr. Ivanisov's statement serves as sufficient grounds to reassure the Bulgarian citizens. The government has taken the necessary measures and is receiving understanding from the Soviet side. This indicates that the situation will return to normal, so that there is no need to create alarm and social tension, emphasized the leader of the Bulgarian Government.

Paprizov, Businessmen on Terms of USSR Trade

AU0301210591 Sofia BTA in English 2034 GMT 3 Jan 91

[Text] Sofia, 3 Jan (BTA)—Mr. Dimitur Popov, chairman of the Council of Ministers of Bulgaria, today sent a message to his Soviet counterpart Mr. Nikolay Ryzhkov, requesting urgent action to normalize oil deliveries to Bulgaria.

Today's "DUMA" writes that a Bulgarian tanker carrying 65,000 tonnes of Soviet oil is expected to arrive in three days' time. This amount will need the country's most pressing needs. One of the largest thermoelectric power stations, Maritsa-Iztok, alone uses 500 tonnes of liquid fuel per 24 hours, "DUMA" reports.

Raw materials and fuel will account for 75 per cent of Soviet imports in Bulgaria: 6.5 million tonnes of oil (including 5 million as centralized state-to-state deliveries), 7,000 million cubic metres of natural gas, 4,500 million kilowatt-hours of electricity, 6 million tonnes of coal, 1.2 million tonnes of iron-containing feedstock, etc.

Disclosing these figures at a meeting with representatives of the business circles here, Mr. Atanas Paparizov, minister of foreign economic relations, briefed his audience about the new terms of Bulgaro-Soviet economic cooperation this year, now that both countries will be settling their accounts in hard currency.

While Sofia and Moscow were effecting their reciprocal payments in transferable roubles (money of account in the now defunct Council for Mutual Economic Assistance), Bulgaria consumed some 12 million tonnes of Soviet oil annually.

The proportion of machines and equipment in the Bulgarian exports to the USSR will drop to 35 per cent from the present 60 per cent. In the opposite direction, the share of these items has been slashed as well, to as little as 25 per cent.

Of course, Bulgaria will receive the Soviet products only if it manages to manufacture and deliver in exchange 470,000 tonnes of calcinated soda [soda ash], 330 million U.S. dollars' worth of medicines, 315 million U.S. dollars' worth of oil extraction industry machines and equipment, 100,000 tonnes of grain, 30,000 tonnes of meat, 9,000 tonnes of polypropylene, 6,000 tonnes of baby food, 10,000 tonnes of cheese, etc.

Further negotiations will be held on matters concerning the remuneration of the numerous Bulgarians working in the USSR and other non-commercial payments.

The export of Bulgarian knitwear to the Soviet market is expected to decline due to the shrunk deliveries of Soviet cotton, one of the many vicious circles which block Bulgaro-Soviet business contacts because of the crisis in both countries.

Mr. Paparizov called on Bulgarian businessmen to invigorate their contacts with their Soviet partners. He emphasized that it was inadmissible for Bulgaria to give up its traditionally strong positions on the Soviet market despite the crisis.

By the end of January the Council of Ministers is expected to adopt, in coordination with the business circles, a foreign economic mechanism for trade with the USSR.

Government Passes Arms Accords, Wage Levies

LD0301222491 Prague Domestic Service in Czech 1730 GMT 3 Jan 91

[Report on news conference by Labor and Social Affairs Minister Petr Millier, Foreign Trade Deputy Minister Jiri Brabec, and State Bank spokesman Martin Svehla by reporters Barbora Tacheci and Oldrich Sestak; following Federal Government session in Prague on 3 January]

[Text] [Tacheci] A decree on regulated wage levies and its impact on enterprises is among the most important issues approved by the government at its first session this year.

In addition to a normal levy on 50 percent of all wages every entrepreneur with more than 25 employees will pay so-called regulated levies. These regulated levies will be paid by enterprises whose total wages increase by more than 18 percent over last year. The levy will be 2.00-7.50 korunas for every koruna paid in wages. The purpose of this measure is clear: to slow down wage increases to prevent a dangerous inflationary spiral.

As Petr Miller, federal minister of labor and social affairs, said, the government is well aware of the fact that strict regulated levies contradict market principles. This measure was adopted as an economic necessity and on the recommendations of the IMF and the World Bank.

The Federal Government also approved the 1990 Vienna agreement on measures to reinforce confidence and security in Europe and the November 1990 European conventional arms reduction treaty which was signed in Paris before the Conference on Security and Cooperation in Europe summit opened. The government also approved the agreement on the maximum level of conventional weapons and technology for Czechoslovakia, Bulgaria, Hungary, Poland, Romania, and the USSR which was signed in Budapest in November last year. Measures to implement it were adopted. For us it means that our armed forces will be reduced by 1,600 tanks, 2,309 armored vehicles, 2,335 artillery systems, and 24 combat airplanes.

[Sestak] Jiri Brabec, first deputy minister of foreign trade, answered questions on how we are going to achieve this arms reduction. There are two ways: either by their destruction—which if done according to valid regulations is very costly—or we can attempt to sell these weapons. Given the current situation it would be for considerably less than their value; but even this is more acceptable than their costly destruction. We were told that agreements with foreign companies to sell these weapons have already been concluded—one is an U.S. company—and currently they are looking for customers. In any way we will only be able to sell less than 50 percent of the weapons being reduced.

Answering a question on whether Czechoslovakia will be involved in selling weapons in the future, First Deputy Minister Jiri Brabec said:

[Begin Brabec recording] The interpretation of views voiced by our politicians that we are not going to sell weapons is somewhat inaccurate. I would like to say above all that we envisage that the production of light weapons will continue. After all, it is no secret that the U.S. buys these weapons from Czechoslovakia for its police force.

Second, the government's policy is that we are not going to sell weapons under any circumstances to real or potential areas of combat. We are not going to sell them to terrorist regimes. Every case of arms sales I would say has to be in some way politically approved by the government. This means that our principles are the same as those of all arms producers in democratic countries. It would be unreasonable for us to take a different course of action and vacate the market for another weapons supplier just for the sake of being able to declare that we are not supplying weapons. [end recording]

[Sestak] I only add that it is envisaged that in the future weapons are not going to be sold only through the Omnipol Company but through more companies. The state will control sales and grant permission for them to be carried out.

For the most part the prosperious weapons market era has ended because of the overall disarmament process and in our case also because some of our weapons are technically obsolete—and this applies also to our tanks.

The Federal Government has decided that from the beginning of this year the minimum exchange of hard currency is no longer obligatory for any foreign visitors to Czechoslovakia.

On the information published yesterday that Polish banks will only accept freely convertible currency, Czechoslovak State Bank Chairman Josef Tosovsky said that this results from the fact that it was not possible to come to an agreement with Poland on the exchange rate between the koruna and zloty. The Czechoslovak Central Bank sent its proposal on 21 December but Poland gave their final rejection only this morning.

When asked whether the koruna will be devalued further against freely convertible currencies as a result of market conditions, State Bank press spokesman Martin Svehla said that the State Bank intends to intervene to maintain the exchange rate at today's level.

Small Privatization To Be Launched in Jan

AU0301170691 Prague RUDE PRAVO in Czech 29 Dec 90

[CTK report: "Moscow To Be Auctioned Off"]

[Text] Prague (CTK)— The probably first auction in the Czech Republic will take place at the Prague municipal office on 26 and 27 January. According to Michal Herych, press spokesman for the Prague Privatization Commission, which began its work a few days ago, "a

total of 20 businesses will be auctioned off in this first auction. One of the most attractive of them is the 'Moscow' restaurant in Na Prikope street, the starting price of which will be 20 million korunas. Most businesses offered for sale in this first auction will be small food, fruit and vegetable, and textile shops, however."

The lists of businesses offered for sale are available at all Prague municipal district offices. The office hours of the Prague Privatization Commission will also be posted there as of January.

[Bratislava NARODNA OBRODA in Slovak on 29 December on page 2 carries a 200-word "mm"-signed report on an undated news conference with Augustin M. Huska, Slovak minister for the administration and privatization of national property. According to the report, the first auction within the framework of small privatization in Slovakia is expected to be held in February.]

Kroupa Interviewed on Civic Forum Program

AU0301113591 Prague MLADA FRONTA DNES in Czech 28 Dec 90 pp 1,2

[Interview with Daniel Kroupa, chairman of the Interparliamentary Club of the Democratic Right, by Jiri Leschtina and Petr Sabata; place and date not given: "Turmoil in Civic Forum"—first paragraph is MLADA FRONTA DNES introduction]

[Text] On the right side of the Federal Assembly conference hall sit not only the supporters of the right, but also all the deputies from the Chamber of People. Daniel Kroupa, chairman of the Interparliamentary Club of the Democratic Right, ranks among them. A disciple of Jan Patocka, Jan Kroupa had a number of laborer's jobs and, he organized private seminars on philosophy. After 17 November he chaired the Program Commission of the Civic Forum [OF] Coordinating Center, and he is one of the main representatives of the OF Democratic Alliance. He definitely has something to say on the subject of the current situation in OF.

[MLADA FRONTA DNES] Can you tell us once again what is the program of the Inteparliamentary Club of the Democratic Right?

[Kroupa] The club was established as a new group within the Federal Assembly and its task is to make the activity of parliament easier. As you certainly know, even in the first months of its existence OF began splitting over the question of economic reform. With our liberal concept of the market we clearly differ from the supporters of the so-called social concept of the market. The Interparliamentary Club of the Democratic Right has a firm concept of social policy, yet we believe that it is important to keep social questions separate from the problems of the market. We are against compensating for flaws in social policy by intervening in the market. Another difference is the attitude toward the coupon method of privatization. We consider this method to be the only quick method of transferring the bulk of state-owned enterprises to private hands. The opponents of this method are, in a sense, opponents of privatization or, at least, quick privatization. Our opinions about international and foreign affairs also differ. The idea of a pan-European security system seems too vague to us. We cannot build the security of our republic on it. We are of the opinion that our relations toward the NATO countries have quite good prospects. We believe that to retain the order in Europe it is necessary that the United States continue its activity here. Small countries, which could be threatened by larger countries, should realize this. United Europe, together with the United States, should become a world military power that would be able to face such terrorist acts as Iraq's. And, here is another principle that we adopted in the Interparliamentary Club of the Democratic Right: We are supporters of a federative arrangement of our state. We support such sovereignty of the federation as is not secondary to the sovereignty of the republics.

[MLADA FRONTA DNES] We noted that your club was intensively engaged during the discussion about the competence bill. Were you successful in this competition in parliament?

[Kroupa] The Federal Assembly received ultimatums—it is not important from whom—that the bill must be passed in the form in which it had been approved in Hrzansky Palace, and that it must be passed without changes on Tuesday [11 December] evening. We managed to push through many changes [to the bill] in committee. These changes were substantial ones. We pushed through even more changes in the plenum. The competence bill was passed on Wednesday [12 December], not on Tuesday. I think that it is not right for people, particularly those who were not too much engaged, to cast doubt on our success.

[MLADA FRONTA DNES] What is your opinion about the establishment of the Liberal Club of OF?

[Kroupa] If we talk about parliamentary work, then the establishment of clubs that help form a wider unity of opinions is beneficial because it speeds up and simplifies the work of parliament. New opinion groups have been established. This helps overcome the confusion arising from the multitude of individual opinions. From this point of view, of course, we welcome the establishment of this club. We are sorry that it has not been established on the basis of a firm platform, but on the basis of opposition to the policy of Minister Klaus. I think that this is not enough for the activity of the Liberal Club. Moreover, its composition does not leave much hope of a unity of opinions in parliament. But, if the club succeeds in achieving this unity, then we welcome it. Another thing is that we do not only want to achieve some objectives in parliament but, in the future, we also may want to establish a sort of independent political party. I have always been of the opinion that new political streams should arise within the OF, yet the Liberal Club, unfortunately, does not seem to be a clearly defined political stream. Let us hope that, with time, the club's credo will become clearer.

[MLADA FRONTA DNES] Vaclav Klaus, chairman of OF, making an effort to change OF into a right-wing party. What is your opinion about this?

[Kroupa] Even before November [revolution in 1989] I believed that it would be ideal for our democratic political system if two large political parties were established. One conservative or liberally oriented in the classical meaning of this word, and a second, which, let us say, would represent a sort of left center. This was the objective of our activity in November and December [1989] when we established the Civic Democratic Alliance. Of course, we supported the establishment of a right wing party and we hope that this party will also be willing to enter various coalition talks with other right-wing partners, provided these partners prove themselves to be trustworthy.

It does not follow from this, however, that in this transitional period we would like to lose our identity as the Civic Democratic Alliance. We have organized ourselves as a party with a clear program—as a group of intellectuals who are oriented toward creating political programs. We will wait to see whether a new political right-wing party is established.

[MLADA FRONTA DNES] Do you think that this will really happen at the assembly of the OF in January?

[Kroupa] I am not a determinist and I believe that people have free will, that is, the freedom to make decisions. I will support, in principle, the establishment of such a party, provided this party does not have authoritative, or similar claims.

[MLADA FRONTA DNES] It seems to me that a number of people in OF are of a similar opinion.

[Kroupa] I believe that this was demonstrated at the working meeting in Olomouc, where Chairman Vaclav Klaus wanted to find out about the opinion of the majority. The idea of establishing a right-wing party gained strong support. Of course, Minister Klaus's opponents are not sitting and watching with their arms folded.

[MLADA FRONTA DNES] Does not the split within OF mean that support for the radical economic reforms associated with Minister Klaus's name and the support for the Federal Government are waning?

[Kroupa] I am of the opinion that the reform must have political support and I hope that the liberals will be responsible enough not to attack the reform and Minister Klaus, but will support him. I would see in this a sort of gesture in support of the unity of the coalition. I even believe that this is a condition for this unity. From the point of view of a normally functioning democracy, support for the government depends on the support it has in parliament. Minister Klaus has quite strong support in parliament, there is no danger that he might fall. Of course, someone could try to push for a vote of no-confidence the Federal Government, but we would not support it—particularly not in this situation.

[MLADA FRONTA DNES] The standpoint of the Slovak coalition partner, Public Against Violence [VPN] movement, would be very important.

[Kroupa] Cooperation with the VPN movement, and with other Slovak parties, seems to be quite good. I hope that the Federal Government will also have their support.

[MLADA FRONTA DNES] Not so long ago, you and other deputies were invited for a breakfast by the president. On one occasion later, you expressed your support for extending presidential powers. Is there some connection?

[Kroupa] Our support for the proposals made by the president is based on the persuasion that there is a need for a constitutional court. We are less persuaded about the need for a referendum and we are strongly of the opinion that the sphere of presidential authority should be more precisely defined. Only a few people realize that insufficiently defined presidential powers invite dictatorship. The president could play a more important role without having acquired substantially more powers.

[MLADA FRONTA DNES] Do you have in mind a crisis in which all existing constitutional mechanisms would fail and presidential decrees would be more acceptable than a military coup d'etat?

[Kroupa] I mean that there should be other means for solving a crisis and returning to the hands of constitutional organs. For example, if the activity between parliament and government is blocked, then there is no authority which would decide and that could give one of the sides jurisdiction to decide matters. I am of the opinion that the president should have such authority. Presidential decrees do not necessarily have to be involved, but, for example, he should be able to form a caretaker government to bridge a certain period until new elections.

[MLADA FRONTA DNES] Your club advocates the economic reform. Have you trie ' to persuade the president to be on your side?

[Kroupa] The president's standpoint on economic reform is not negative. I think that he has even overcome his objections toward the coupon method of privatization, particularly if the coupons are for sale. The president makes an effort to be consistently neutral during talks with political parties and movements.

Meciar Reviews 1990, Praises Newspaper

AU0301173191

[Editorial Report] Bratislava NARODNA OBRODA in Slovak on 29 December on page 1 carries a 600-word article by Slovak Republic Prime Minister Vladimir Meciar reviewing the year 1990 and the challenges of 1991. Meciar says that 1990 was a year of fundamental changes in the political system when the principles of democracy and pluralism started to be applied to society's daily life. He states that there are now over 50 political parties, the state administration has started to switch over to the system of self-government, and the relationship between

the government and parliament is changing. Meciar says that in the second half of the year attention focused on the issue of power sharing and on strengthening the role of the Slovak parliament and government. Speaking about next year, Meciar says that changes in the system of state administration at the center and at the local level will reach their highest point, as will the work on the Constitutions, and on relations within the federation. Meciar also draws attention to the difficulties which the country will be facing next year but expresses confidence that there will be accord between the government and the people, which should make it possible to master the transition without "disastrous shocks."

In concluding, Meciar commends NARODNA OBRODA for "having become our undeniably best daily" and conveys to its readers and staff best wishes for 1991.

Special Plane To Evacuate Citizens From Gulf

LD0301161191 Prague CTK in English 1448 GMT 3 Jan 91

[Text] Prague Jan 3 (CTK)—Czechoslovak Deputy Foreign Minister Vojtech Wagner told journalists here today that sometime between January 5 and 7 Czechoslovakia will send a special 160-seat plane to bring back home the Czechoslovak citizens who have voluntarily decided to leave the crisis region.

Wagner put the move in connection with the situation in the region, where the deadline set by the U.N. Security Council to Iraq to withdraw from Kuwait which it occupied in August expires January 15. The decision to evacuate the Czechs and Slovaks was also motivated by the Foreign Ministry's endeavour to take care of Czechoslovak citizens after it was criticized for the way it handled the evacuation of Czechoslovak citizens from Iraq last Autumn. Several dozens of Czechoslovak citizens were detained in Iraq last autumn, but were released in December following a good-will mission of seven Czechoslovak representives to Iraq. 38 people then returned home.

The special aircraft will fly to Amman and will stop over also in Damascus where those interested in return to Czechoslovakia will gather. Wagner did not rule out dispatch of further specials if necessary.

According to Wagner, there are now 875 Czechoslovak citizens in the Gulf and adjacent areas—120 in Yemen (105 want to return), 40 in Jordan, 35 in Saudi Arabia, 110 in the United Arab Emirates, 500 in Syria (300 of them women who have been married in the country), 20 in Israel and 50 in Sudan. Of all of them, 130 Czechoslovak people wish to return home, but their number may still rise.

Cabinet Approves NATO-Warsaw Pact Arms Accord

LD0301195291 Prague CTK in English 1813 GMT 3 Jan 91

[Text] Prague Jan 3 (CTK)—At its first regular session this year, the Czechoslovak cabinet today approved of the agreement on conventional armed forces in Europe signed by the leaders of 22 Warsaw Treaty and NATO countries on last November 19. The cabinet also approved an agreement on maximum levels of conventional weapons of Czechoslovakia, Bulgaria, Hungary, Poland, Romania and the USSR, signed on last November 3, under which the equipment of the Czechoslovak Army will be reduced by 1,600 tanks, 2,309 armoured vehicles, 2,335 pieces of artillery and 24 warplanes, compared with 1989.

Commenting on the debate at the cabinet session on the two agreements, First Deputy Foreign Trade Minister Jiri Brabec explained to newsmen that arms reductions can be achieved either by their destruction or sales. He said the amount of weapons sold is much smaller than the amount that is to be liquidated. The period of prosperity of the arms trade, especially in heavy weaponry, has ended due to disarmament and also due to a part of Czechoslovak weapons being obsolete, Brabec said, adding that conversion was an economic, not a political necessity, and affected most the Slovak Republic.

Brabec pointed out that after the conclusion of the Parisian agreement weapons can no longer be sold. He declined to elaborate on the number of weapons sold or on the customers. He said only that so far only fifty per cent have been sold. He stated that Czechoslovakia would not supply weapons to places of possible conflicts, countries with terrorist regimes etc., adding that each sale must be approved by the government. Contracts have been concluded with foreign firms which might not necessarily be the ultimate buyers but must inform Czechoslovakia of the final addressee.

The cabinet ageed to abolish obligatory minimum exchanges of currency for foreign vistors to Czechoslovakia, which applied mainly to visitors from countries outside Europe, with the exception of Canada and the United States, as from January 1.

Meanwhile, Federal Minister of Labour and Social Affairs Petr Miller told the press conference that the government decree on regulated payments for exceeding labour costs and for wage increases covered from profits was one of the basic anti-inflationary measures. The overall volume of labour and other personal costs not subject to regulated payments could reach a national average of up to 3,856 crowns per month (the average untaxed pay in 1990 was about 3,300 crowns per month—28 crowns equals one U.S. dollar).

President of the State Bank of Czechoslovakia Josef Tosovsky told newsmen that negotiations conducted with East European countries on the use of national currencies in tourism had been unsuccessful, with the exception of Hungary, failing to resolve the question of exchange rates. Czechoslovak citizens will have to use convertible currencies for travels to these countries.

Army General Interviewed on Arms Trade

LD0301220791 Budapest Domestic Service in Hungarian 1730 GMT 3 Jan 91

[Interview with Major General (Laszlo Damo) by Istvan Kulcsar; place and date not given—recorded]

[Excerpts] [passage omitted] [Kulcsar] Where is Hungary in this picture as buyer and seller?

[(Damo)] Hungary is, really, a small trader compared to the United States or the USSR, although I would not say that we are small grocers because we have—considering everything—made good deals. We rank 20th-30th depending upon the crisis region in which demand increases for Hungarian arms. [passage omitted]

[Kulcsar] What is the position regarding the military technology which—after the death of the GDR—has now been passed to the Bundeswehr—i.e. the German Army—but for which the German Army has little need? Can we buy from this, is it worth it to do so? [passage omitted]

[(Damo)] I must say, at the same time, that among the Warsaw Pact states, the GDR—in terms of the age of the armament—had been and is in the lead even today with what it left for unified Germany. If they want to sell from this then a huge number of tanks comes into focus—they have 1,600 combat ready tanks which constitute five to seven armored divisions and the same amount in reserve—it has been mentioned once already. We must consider very broadly the purchase of these because if Hungary declares a defensive doctrine and wants to prepare for defense, then she should purchase and keep combat ready only as many tanks as provide for an active defense.

[Kulcsar] Obviously, however, the existing stock of tanks must be modernized and these [GDR tanks] are more modern than those we have in Hungary today and I think that the essence of this is if the Germans do not want them they will sell them much cheaper than the Soviets would.

[(Damo)] Yes, from this point of view if a favorable offer is made we must grab it with both hands because our T-55A tanks are obsolete.

[Kulcsar] Returning to Hungarian arms export—what kinds of arms has Hungary exported, or is currently exporting?

[(Damo)] Hungary basically does not export warm weapons—firearms—but rather guidance technology [iranvitastechnikai] and radio equipment, radio transmitters. Regarding firearms, we have delivered most to Iraq, AK-74-type assault rifles. In addition, we have delivered ammunition, various mines, pistols, and other small arms. What makes up a greater proportion of Hungarian exports is guidance technology. Thus, we have direction determination equipment—developed jointly with the Telecommunication Research [Institute]—which we use in the course of intelligence [collection by] radio. The events of the Romanian revolution last year proved the good application and correct sighting of this equipment. In practice this equipment locates radio traffic in the atmosphere with such speed that it catches everything without selection. Then there are groups that nicely evaluate and sort these [signals] and [who] can even decode coded messages too. [passage omitted]

[Kulcsar] To whom did Hungary sell such arms and such equipment?

[(Damo)] To my knowledge, Iraq, India, and Kuwait bought such equipment.

[Kulcsar] Is this equipment Hungarian designed and made?

[(Damo)] It is Hungarian made and partially Hungarian designed. The Hungarian Army developed it in cooperation with the Telecommunication Research Institute and if a rich country like, let us say, Iraq, or rather Kuwait, which has the opportunity to shop widely on the market and can buy American products, bought from us, then they probably had a reason for buying such a device from us. [passage omitted]

[Kulcsar] Can we be sure that our arms did not get to the combatants during the war?

[(Damo)] Iraq had some of our arms by all means, I have already discussed this via commercial transactions, and Iran captured arms from Iraq, and it is conceivable that Iran also got hold of Hungarian arms via chain trade. For we shipped part of [a consignement] to Yugoslavia, another part to Abu Dhabi; it would be very difficult to follow them to their final destination.

[Kulcsar] As we are talking about the export of Hungarian arms or rather equipment, to my knowledge Hungarian enterprises built military establishments in the Middle East, if I remember correctly, in Libya.

[(Damo)] Yes, they built military establishments, for example, battle positions, additionally, domestic air-defense battle positions were also built. This was done in South Yemen where, compared to the number of soldiers in the army, quite substantial establishments were built.

[Kulcsar] It is obvious that the arms trade produces enormous profits. What motivates, what guides arms trade besides profits? Is there not another aspect, that with a somewhat more advanced arms deal: experts, engineers are also sent to the relevant country, who will teach the military forces of the buying country how to handle these weapons? After all, it is the seller that forces its own advisers onto the buyer.

[(Damo)] Well, I can cite both Hungarian and Iraqi examples. For example, one of our electronics firms that sold electronics equipment to Libya also sent its experts to teach how to use this equipment.

To my knowledge, some 8,000 Soviet experts currently are in Iraq. They are basically technicians, maintenance people.

[Kulcsar] I think some of them have returned now.

[(Damo)] Some of them returned home, and some of them who feel that their careers are in danger refuse to go home.

[Kulcsar] There are several proposals at various international forums that the superpowers, and not only them but the arms supplying powers, should agree not to deliver arms to the world's crisis zones, or to limit this activity. How realistic is such an agreement and how is it possible to supervise the realization of such an agreement?

[(Damo)] This is a very good endeavor, and it would be very good if it could be realized because the arms trade is growing quite rapidly. The United States and the Soviet Union, however, managed to keep track of this, perhaps until the beginning or the middle of the 1970's. Even with satellite assistance, this can only be followed by intelligence collection by agents; furthermore, not a single superpower has as many agents as to keep this up to date.

Reportage on Katona's Visit to Egypt

WA0301143591

For reportage on the visit to Egypt by Tamas Katona, political state secretary for foreign affairs, see the Egypt section of the 3 January Near East & South Asia DAILY REPORT and subsequent issues.

Regional Noncommercial Payments System Stopped

LD0301210691 Budapest MTI in English 1807 GMT 3 Jan 91

[Text] Budapest, January 3 (MTI)—As of January 1, the so-called system of non-commercial payments has been eliminated between Hungary and the other East European countries. Thus the valid contracts and business conditions under which remittances between the National Bank of Hungary and the partner banks are realized in forints or in the currency of the partner country, the National Bank of Hungary informed MTI.

The bank proposed for the Hungarian side to initiate amending the contracts. Services imported from Bulgaria and Romania are the exceptions, in the case of which the National Bank does not prevent payment in leva or in lei. However, the Bulgarian and Romanian partner banks have not as yet provided written guarantees on accepting these payment remittances.

In case of contracts concluded last year and realized by December 31, the counter-value of services to be paid in forints or in other East European currencies must be accounted, with the assistance of the National Bank of Hungary, by January 31.

Statistical Office Reports Rising Inflation

LD0401103191 Budapest MTI in English 0910 GMT 4 Jan 91

[Text] Budapest, January 4 (MTI)—According to the records of the Central Statistical Office, prices were 28.1 per cent higher in Hungary in the first 11 months of 1990 than in the same period of 1989.

As for the full length of 1990, the increase is somewhat higher but it does not exceed 29 per cent.

The speeding up of price rises is marked by the index being higher each month: in January 1990 prices were 22.7 per cent higher than in January 1989, whereas in November 1990 the rise was 33.1 per cent as compares to the same month in 1989.

Compared to the same period in 1989, between January and November 1990, the price of food showed a 34.9 per cent rise, that of luxuries went up by 29.8 per cent and clothing was 22.8 more expensive than in 1989.

The price of energy used in the household went up by 26.1 per cent, that of consumers, durables by 20.6 per cent, petrol by 27.6 per cent and services were 24.8 per cent more expensive than in the same period last year.

Prime Minister Candidate Bielecki Addresses Sejm

LD0301182291 Warsaw PAP in English 1720 GMT 3 Jan 91

[Text] Warsaw, Jan. 3—Candidate for prime minister Jan Krzysztof Bielecki said to the Sejm (lower house) deputies today that he did not consider the cabinet he is hoping to form as a provisional and temporary one. He said he needs people who understand that governing is not only political but also a financial game. He declined to say whether he would invite to his cabinet anybody representing the Democratic Party, whose parliamentary floor group he, a liberal, met in the Sejm today.

The Democratic Party Causus decided today to support the candidature of Bielecki as prime minister during the Sejm plenary meeting starting tomorrow. Bielecki is also expected to meet with the Peasant Party [PSL] floor group at 20:00 hours today.

Bielecki Answers Questions on Proposed Changes

LD0301214191 Warsaw Domestic Service in Polish 1800 GMT 3 Jan 91

[Stanislawa Stec report on interviews with prime minister candidate Jan Krzysztof by unidentified parliamentary group deputies; place and date not given]

[Text] [Stec] There is now no more important matter than a familiarization of the views of the candidate for prime minister, before the Sejm makes the decision tomorrow whether to accept him in this role or not. Jan Krysztof Bielecki is a deputy, so his background is not unknown in the Sejm, but now what he intends to do and the way in which he will present this could decide the results of the voting. The deputies of the Democratic Left Club, chaired by Wlodzimierz Cimoszewicz, prepared themselves for their meeting particularly carefully. The candidate for prime minister had 15 questions collected and read out to him, the first of which is common all: What corrections does the future government intend to make to the Balcerowicz Plan? The reply was: that which exists fulfills its function; it is necessary to improve the economic instruments and introduce many new ones.

Also, a statement of faith: I am a liberal, but I am not a dogmatic person, nor a fanatic of liberalism. State enterprises are in a drastic situation. Adapted to an insulated philosophy, they are incapable of coping with competition or of being competitive. The Ministry of Industry must not be just an observer of these economic processes, but also their regulator.

On the matter of the [word indistinct] of financial outlays, Jan Krzysztof Bielecki is cautious. An extra inflow of unsecured funds is dangerous. Peru might be a classic example, where a successive wave of inflation has arisen. Our economy needs a suspension of or moratorium on debts and an inflow of investment capital, but on a large scale, not the $50 million hitherto. The exchange rates of currencies should be maintained until enterprises are slimmed down.

Regarding agriculture: It is necessary to improve distribution, demonopolize, make administrative offices more efficient but not subsidise, because this will maintain the structures which already exist.

Two weeks after the creation of the government, every minister will appear at a news conference with his program.

[Announcer] I will add that Jan Krzysztof Bielecki, prime minister candidate stated in his meeting with the Parliamentary Club of the Democratic Party that he does not view the government he hopes to create as a temporary and transitory one.

Sejm Speaker Explains Confirmation Procedures

LD0301230691 Warsaw TVP Television Network in Polish 2135 GMT 3 Jan 91

[Interview with Sejm Speaker Mikolai Kozakiewicz by unidentified reporter; place and date not given—recorded]

[Text] [Kozakiewicz] Tomorrow, as the first item on the agenda, the Sejm will hear a short statement by the prime ministerial candidate nominated by the president. He will read the statements of various parliamentary floor groups on his candidature which will be drawn up on the basis of meetings the prime minister is holding today—that is the candidate for prime minister—is holding with the parliamentary floor groups.

If all goes well the following day the prime minister will deliver an expose and present a list of cabinet members.

[Reporter] What happens if the Sejm does not accept the candidate for prime minister?

[Kozakiewicz] Then of course he will not be delivering an expose, and the president will have to present another candidate.

[Reporter] Within what period of time?

[Kozakiewicz] There are two months during which the Sejm is obliged—under the threat of dissolution—to confirm a new government.

[Reporter] Can the Sejm vote separately for each candidate?

[Kozakiewicz] No. No one can change anything in this procedure. The Sejm votes for the whole list and not for individual ministers. The ministers, the appropriate ministers, are heard beforehand by all the commissions who assess them and arrive at positive or negative opinions on individual candidates. However these opinions are only of an advisory nature. They are not binding on the Sejm. Everything we are talking about assumes that there will not be any intervention from the chamber.

For example, the chamber may put forward other proposals which we will vote on on the spot. This is the program determined by the council on the appointment of the prime minister and the new government.

Democratic Unions' Statement on Political Changes

LD0301233691 Warsaw PAP in English 2228 GMT 3 Jan 91

[Text] Warsaw, Jan 3—The national founding Committee of the Democratic Union conveyed today to PAP the following statement:

"Poland is going through a difficult moment in the construction of a democratic system. It is extremely important to closely observe the law, especially the Constitution, and to create the atmosphere of respect for democratic institutions and political customs.

"Guided by these principles, the union expresses its concern over the ongoing process of the formation of the government in which the candidate for the prime minister, designated by the president, plays a secondary role. We are also concerned with intentions declared by representatives of the Presidential Office and aimed at restricting the political powers of the prime minister and the government as well as with the formation of a presidential or political council, unclear from the point of view of the constitutional procedure."

Bielecki Makes Statement Prior to Voting

LD0401100191 Warsaw Domestic Service in Polish 0822 GMT 4 Jan 91

[Statement by prime ministerial candidate Jan Krzysztof Bielecki prior to the vote on the post by the 48th meeting of the Sejm in Warsaw—live]

[Text] Mr. Speaker, Mr. President, right honorable ladies and gentlemen: A month ago we installed the Third Republic. We did this by participating in free and universal presidential elections for the first time. A week ago, President Lech Walesa entrusted me with the task of forming the new government. Today I submit my candidacy to the chamber. If I am accepted, tomorrow I will present my expose and will put forward proposals for the composition of the Council of Ministers.

A fast pace in the formation of the new cabinet, which is in keeping with the logic of the speeding up process, will be possible thanks to the openness of all political forces which will accept the formula of a government of experts. Pragmatism in the solution of concrete problems will be its motto. We are in favor of efficiency and not self-denial. Like my predecessor in this post, I am a Solidarity man. I consider a tested system of a market economy as a foundation of liberty, for which this great movement has been fighting. I want us to take further steps that will distance Poland from its totalitarian heritage.

My government will bear in mind the balance of successes and failures of our predecessors. Therefore, we wish to become a team of continuation and breakthrough. As we are witnessing Poland becoming a normal country, credit of social trust is also becoming more expensive. I trust that our policy will put a stop to this kind of inflation. I could not undertake this task if I did not believe in the success of Polish reforms. This does not mean that I make light of threats to processes of radical transformations. I understand the burdens which fall on the shoulders of many social groups. I understand that unpopular decisions must yield socially desired results. We see a chance for the entire economy in the creation of opportunities for young entrepreneurs.

May it please the house! To be the first prime minister of the Third Republic is a great honor for me, but an even greater commitment. I trust that the efficiency of my colleagues in the government and universal participation of citizens in the process of reforms of Poland will bring back normality to our country. Thank you very much.

Bielecki Elected Prime Minister by Sejm 4 Jan

LD0401100291 Warsaw Domestic Service in Polish 0859 GMT 4 Jan 91

[Vote by the 48th meeting of the Polish Sejm on electing a new prime minister, moderated by Sejm Speaker Mikolai Kozakiewicz; in Warsaw—live]

[Excerpts] We move to the vote. I propose that the Sejm pass the following resolution. I will read it: The Sejm of the Polish Republic, on the basis of Article 37, Paragraph One, of the Constitution of the Polish Republic, on the resolution of the president presented on the basis of Article 32F, Paragraph One, Point six, of the Constitution, appoints Jan Krzysztof Bielecki to the post of chairman of the Council of Ministers and grants him the task of presenting resolutions as to the composition of the Council of Ministers. Who is in favor of the above resolution? Please raise your hand.

The second question: Who is against? Please raise your hand.

The third question: Who abstains from voting? [passage omitted]

I announce the results of the voting: Overall, 386 deputies took part in the vote. The absolute majority required is thus 194 deputies. There were 276 deputies voting for the resolution, 58 against, and 52 abstaining from voting. I state that the Sejm has appointed Jan Krzysztof Bielecki to the office of chairman of the Council of Ministers and has granted him the task of presenting resolutions as to the composition of the Council of Ministers. [applause]

Speaker Reads Walesa's Message to Sejm

LD0401114191 Warsaw Domestic Service in Polish 0820 GMT 4 Jan 91

[Statement by Sejm Speaker Mikolaj Kozakiewicz at the 48th session of the Sejm in Warsaw—live]

[Text] We move to the first point on the agenda—the resolution of the president of the Polish Republic on the appointment of the chairman of the Council of Ministers. I inform the esteemed house that I have received a document from the president of the Polish Republic. It is as follows:

Mr. Mikolaj Kozakiewicz, speaker of the Sejm of the Polish Republic: On the basis of Article 32F, Paragraph 1, Point 6, of the Constitution of the Polish Republic, I present to the Sejm of the Polish Republic a resolution on the appointment of Mr. Jan Krzysztof Bielecki to the office of chairman of the Council of Ministers. Mr. Jan Krzysztof Bielecki, 39 years old, married with two children, is an economist and a Solidarity activist of many years standing. He is also a member of the presidium of the Liberal Democratic Congress and a deputy of the 10th Sejm. Signed: Lech Walesa.

Apart from that, yesterday evening the president sent the Sejm the following appeal. I will read the appeal: The difficult economic situation of Poland demands consolidation around the activities of the government. The government ought not to become an arena for political disputes. Above all its task is the reconstruction of the economy. That is why I turn to the Sejm, Senate, parliamentary clubs, and political organizations for support for the new prime minister. His success is very necessary for Poland. Stability is also necessary for the work of the government in the face of the tense international situation. At the same time, I wish to assure the representatives of political life that I intend to create such conditions for their participation as will guarantee honest, democratic consultation on important decisions. The office of the president is open to you. Let us hold discussions and political disputes there.

[Signed] Lech Walesa, Warsaw, 3 January 1990. That is, 1991, I state that there is an error in the document, sorry.

Walesa Meets With New Prime Minister

LD0401115291 Warsaw PAP in English 1044 GMT 4 Jan 91

[Text] Warsaw, Jan. 4—President Lech Walesa continues political consultations with representatives of various political mainstreams.

At the president's office in the parliament building he met with Senator Jozef Slisz. Walesa also held a meeting with the newly appointed prime minister, Jan Krzysztof Bielecki.

The president's press spokesman, Andrzej Drzycimski, told newsmen that the president, who attended Sejm (lower house) debates for nearly 2 hours, would hold more meetings throughout the day.

Mazowiecki Chairs Council of Ministers Meeting

LD0301115791 Warsaw Domestic Service in Polish 1105 GMT 3 Jan 91

[Text] An hour ago the present Council of Ministers met, possibly for the last time, under the chairmanship of Tadeusz Mazowiecki. On the agenda: an assessment of the present political situation, including a report on talks with representatives of the railroad workers, as well as a report on safety in the mining industry. Apart from current issues the government will also consider draft amendment to the law on health conditions and food, and the Council of Ministers' draft law on an agreement with the Government of the Soviet Union concerning mutual economic relations.

Kaczynski Outlines Structure of Presidential Office

LD0301170791 Warsaw PAP in English 1507 GMT 3 Jan 91

[Text] Warsaw, Jan 3—A political sector will be a novelty in the office of President Lech Walesa. It will comprise five offices: the office for cooperation with the government and a legal office supervised by a secretry of state, an office for rural affairs, an office for social and eocnomic affairs, an office for self-government, social organizations, and local affairs, and an international office headed by secretary or undersecretary of state.

These are the preliminary outlines of the structure of the president's chancellery, suggestive of the concept of the presidency itself, as presented by its Chief Jaroslaw Kaczynski at a meeting of a senate committee today which met to evaluate the draft budget of the chancellery for the present year.

The defence committee known as the KOK, until now financed by the National Defence Ministry, will be replaced within a few weeks' time by a new organ: the National Defence Council or a State Security Council, which will be financed by the president's office of minister of state for state security is also planned.

The draft budget of the chancellery includes a few foreign visits of the president, his domestic travels and allows his greater then to-date law-making activity.

About 70 out of more than 200 old staffers wil leave the chancellery, but another several dozen will have to be employed in the political sector.

Walesa Stresses Need for Political Council

LD0301153891 Warsaw PAP in English 1450 GMT 3 Jan 91

[Text] Warsaw, Jan. 3—Chairman of the Sejm deputies' floor groups of the Polish Peasant Party-Rebirth, the

Polish Social-Democratic Union and the Polish Catholic Social Union Jozef Zych, Wieslawa Ziolkowska, and Ryszard Gajewski, respectively, were successive guests of Polish President Lech Walesa today.

President's spokesman Andrzej Drzycimski said that the meetings stressed the need to set up political council, a body that is to ensure that political deputies, a burden to Polish life, do not wreck the possibility of developing democracy.

Under no circumstances will the council make parliament meaningless as it will not have executive powers and will be only an advisory body.

Real Politics Union Supports Walesa Appeal

LD0301185791 Warsaw PAP in English 1610 GMT 3 Jan 91

[Text] Warsaw, Jan. 3—"We fully supported and continue to support the concept of a uniform government guided by common ideology and we are glad that it is to be the liberal ideology," said President of the Real Politics Union Janusz Korwin-Mikke in his statement issued in connection with Lech Walesa's appeal to stop political polemics on the formation of the government.

Korwin-Mikke ruled out the participation of members of the Real Politics Union in the work of a new government unless the socialist legislation has been changed but expressed support for the idea of the Presidential Council. In his statement Korwin-Mikke called for the dissolution of the Central Planning Office which he termed a relic of the socialist economy.

Political Groups Confirm Need for Council

LD0301212191 Warsaw PAP in English 1734 GMT 3 Jan 91

[Text] Warsaw, Jan 3—The talks that President Lech Walesa had with representatives of various political circles today confirmed the need to set up political council. A concept to set up such a body, forwarded by the president, will be discussed in detail in the coming days by the groupings whose representatives visited the Belvedere Palace. The second round of talks, after which one can expect specification of the shape and tasks of the council, will be held next week.

Chiefly representatives of parliamentary floor groups visited the Belvedere Palace this morning and chairman of the Mazowsze region of "Solidarnosc 80" Seweryn Jaworski was an exception. He termed his talks with Lech Walesa a meeting of the two persons who took part in the Solidarity movement for many years. Although there are some differences of views between "Solidarnosc 80" and the president, Solidarnosc 80 will support all these steps that it will deem superior for Poland and the interests of the working people.

Sejm Deputy Marek Dziubek from Parliamentary Floor Group of the Centre Agreement termed an initiative to set up political council a valuable one. The process of the final shaping of the state system—including agreeing mutual powers of the president's office, parliament and government—is only ahead of us. Participation in these agreements should be an important function of political council.

After her talks with the president, chairwoman of the floor group of the Polish Social-Democratic Union Wieslawa Ziolkowska said that a date of parliamentary elections should be postponed as far as possible to ensure political calm to government this year.

Chairman of the Deputy Floor Group of the Polish Peasant Party-Rebirth Jozef Zych also came out for a later date of parliamentary elections. In his opinion, they should be held not earlier than in the autumn of 1991. He said that in his talks with the president he concentrated on questions of agriculture and that on the president's request his party would submit the concepts of removing hitherto irregularities in the policy towards agriculture and the countryside to Walesa.

Zych deemed the idea to set up a political council, as a plane for honest discussion, correct and proper one. However, he voiced his doubts whether it should be set up at the president's office, as this would be a sign of lowering its rank.

Also this morning, the president had talks with Deputy Zbigniew Kostrzewa from the floor group of Independent Deputies and Ryszard Gajewski from the Polish Catholic Social Union.

The president began his consultation afternoon by a conversation with representatives of the Civic Committee: Zdzislaw Najder and Jan Olszewski. Before the committee meeting, planned for the coming Sunday, Najder said, the president has asked us to think about the future of the committee, about the best solutions concerning its role, forms and ways of functioning of this group under the changed political conditions.

Vice-Chairman of the Democratic Right Forum Michal Wojtczak said after his conversation with the president that the forum did not rule out its participation in the president's political council and the possibility of cooperating with the government and the president if their activities will be close to the group's programme. According to the forum the parliamentary elections should be held in the first half of this year.

Leader of the OPZZ [All-Polish Trade Unions Agreement] Trade Unions Alfred Miodowicz described his conversation with the president as very interesting. "For the second time in my life I talked with Mr. Lech Walesa and I had an excellent impression," he said and added: "I was told about the new conception of exercising presidential power and the functioning of the executive power. If this conception succeeds, I think the trade unions should buy it, all of them together." Miodowicz found the conception of creating the political council as

interesting under condition that it will be a wide representation of the political thought.

My conversation with the president gave me the conviction that the present functions of the Foreign Ministry will not be changed and the president is going to stand on the grounds of the Constitution, Minister of Foreign Affairs Krzysztof Skubiszewski told journalists.

The president is, of course, the first person in the state and he has the key powers related to keeping external and internal security, as well as to the protection of the state's territorial integrity. One of the constitutional clauses refers also to the continuation of the alliances, but this is a stipulation originating from the "round-table" and it was designed for General Jaruzelski as the president.

"Today we are not interested in continuing the old era alliances but to change the relations with our neighbours, especially with the powerful neighbour in the East. The Warsaw Pact is being dismantled today and new configurations will replace bilateral alliances. So, the constitutional clause referring to the president's role in foreign policy has ceased to correspond with the political reality," Skubiszewski said.

Asked whether he will join the new cabinet, Skubiszewski said that he had talked with Deputy Bielecki last Friday. "Then I did not say yes or no," he stressed. "I will give such an answer to the prime minister."

The president also talked with candidate for prime minister Jan Krzysztof Bielecki today.

Peasant Party Approves Political Council Concept

LD0301214591 Warsaw Pap in English 2034 GMT 3 Jan 91

[Text] Warsaw, Jan.—The Chief Executive Committee of the Polish Peasant Party (PSL) assessed the current social and political situation in Poland today.

During the meeting, chaired by PSL Leader Roman Bartoszcze, committee members were acquainted with steps aimed at the formation of a new government.

Discussions Lech Walesa's idea of a political council, the committee stated that it received with concern reports and statements on attempts to equip the council with powers which are vested only in constitutional state organs.

In the opinion of the committee, the political council should be an opinion-giving and advisory body, but in no situation can it substitute organs of legislative and executive authority.

PSL's committee stated that the party can participate in work of the political council under the conditions that it will not infringe on the constitutional order of the state.

Tyminski To Return To Face Interrogation

LD0301181891 Warsaw PAP in English 1608 GMT 3 Jan 91

[Text] Warsaw, Jan. 3—Former presidential candidate Stanislaw Tyminski said he would come here Friday to go to Nowy Sacz, south-eastern Poland, for an interrogation at the local prosecutor's office over his slandering of Prime Minister Mazowiecki during the recent presidential campaign, the independent paper GAZETA WYBORCZA said.

Tyminski, who has just returned to Toronto from a short leave in Peru, told GAZETA WYBORCZA he would at first meet his Peruvian lawyer Javier Riostra in Krakow. The lawyer will be his consultatnt during legal proceedings in the prosecutor's office.

Peruvian Senator Javier Valle also represents Tyminski in an action against the latter now taking place in Peru over the theft of TV signals by the Tyminski-owned TV cable network in the town of Iquitos.

Drzycimski Comments on Price Increases

LD0301234191 Warsaw PAP in English 2222 GMT 3 Jan 91

[Text] Warsaw, Jan. 3—President Lech Walesa's spokesman Andrzej Drzycimski was asked today to comment on his recent statement to the effect that the new government will have to deal with the results of prices hikes introduced by Tadeusz Mazowiecki's team.

According to Drzycimski the end of 1990 saw the introduction of price hikes that could hardly have been accepted by society. "Earlier Prime Minister Mazowiecki told the parliament that the state of the country's economy was very good. However, it turned out in a few days that it needed radical cuts and price rises strongly affecting working people," he said.

"The president is going to see to it that the economy, the primary element of all activities, must overcome the spiral of continuous price hikes. Otherwise we will have to deal with growing social tension, with conflicts difficult to extinguish. This does not undermine the purposefulness of price rises," the spokesman added.

Government Approves USSR Economic Agreement

LD0301220291 Warsaw PAP in English 1943 GMT 3 Jan 91

[Text] Warsaw, Jan. 3—Prime Minister Tadeusz Mazowiecki presided over the debate of the Council of Ministers which met here today to approve Polish-Soviet agreement on bilateral economic relations, signed in Moscow on Nov. 13, 1990.

The agreement provides, among other things, for:

—Introduction, as of Jan. 1, of the hard currency settlement of accounts in all spheres in all spheres of economic relations with the USSR,

—Resignation from the hitherto practice under which state organs of the two countries were liable for the obligations stemming from mutual deliveries. Under the new agreement deliveries of goods and services, terms of payments and prices will be agreed upon in the contracts drawn directly by Polish and Soviet economic entities,

—renegotiation of economic agreements concluded at the governmental and ministerial levels in the former years in order to introduce new terms of their materialization or their annulment,

—further negotiations on ways of settling mutual debts and signing a separate intergovernmental agreement to this effect,

—opportunities to carry out barter trade free of hard currency settlements.

The introduction of the new solutions will make that the economic relations with the USSR will be based on rules generally adopted in the international practice.

The Council of Ministers familiarized itself with information on the course of hitherto results of negotiations held by the general management of the state-owned railways PKP and representatives of railway workers.

In connection with a series of tragic accidents in mines, the Council of Ministers heard the information of the president of the high mining office on the conditions of work in mines and possibilities of their improvement. The Council of Ministers resolved to file an autocorrection to the draft budget which would allow to increase outlays to improve the supervision of the labour safety in mines.

The Council of Ministers heard the report on the advancement of work on the draft law on companies with foreign partners whose main provisions had been approved at the former meeting of the Council of Ministers.

In connection with a statement of the president's press spokesman that the main aim of a new government will be to solve the most urgent economic problems, such as the consequences of price rises which are a heritage from the previous team, the Council of Ministers stressed that these decisions stemmed from an economic imperative and the logic of reforms. The president of Poland was notified of these decisions, it was said.

Foreign Ministry Spokesman Holds News Conference

Gulf Conflict Examined

AU0301161991 Bucharest ROMPRES in English 1527 GMT 3 Jan 91

[Text] Bucharest ROMPRES, 3/1/1991—During his weekly press conference, Ambassador Traian Chebeleu, spokesman for the Ministry of Foreign Affairs, said: We attentively follow underway diplomatic efforts to politically settle the situation in the gulf area in the line with Resolution 678 of the Security Council.

As a member of the Security Council and as a country that has had traditionally fine relations with the Arab countries in general, we are concerned to take part in such efforts.

The recent visit the Romanian foreign minister paid to Egypt was an opportunity not only to examine bilateral relations but also to better assess the chances of a political settlement in consideration of Egypt's role and influence in the Arab world.

We believe the time for action has arrived. We believe that time should not be wasted and that the chance for negotiations offered by the U.S. President should be taken advantage of.

We have noted with interest that the diplomatic activity of the Arab states for a political solution has intensified.

We have also noted the efforts along the same line made by the Yugoslav foreign minister in his capacity as acting president of the non-aligned movement. The EEC countries have announced their intention to initiate talks with Iraq during the January 4 Luxembourg meeting of their foreign ministers.

We welcome all these efforts and initiatives which we wish would lead to the establishment of a real dialogue to solve the issues in the gulf area.

Along the same line, we will continue to make our contribution to the attainment of this desideratum. Next week the Romanian foreign minister will pay a visit to Syria and Jordan. We want our activity to act as a catalyst in consideration of our fine links with the countries directly concerned, within a process wherein the role of communication channels is essential.

We believe every possibility should be turned to good account so that all decision makers in the countries involved may correctly perceive the intentions of the sides and the threats posed by the recourse to arms. Considering the forces and the modern combat means involved, there is no doubt that a military conflict would have disastrous consequences on the countries in the area and would seriously upset the global energy and ecologic balance.

Naturally, the only base for a political settlement in the gulf are, in our view, the resolutions of the Security Council, respectively Iraq's complete withdrawal from Kuwait and the reestablishment of the latter's legitimate government.

Answering a question, Ambassador Traian Chebeleu said: Within the limits of the embargo on Iraq the UN has established, Romania continues to maintain dialogue and normal links with the Iraqi Foreign Ministry. It is concerned over the fact that time passes by and that the goodwill break the Security Council established under Resolution 678 expires. We are also concerned that at present the dialogue and contacts set in President Bush's declaration shortly after the adoption of the Security Council resolution have not materialized. Our duty as Security Council members is to work according to our possibilities. We do not intend to carry on a "good offices" action, which presupposes fine knowledge of issues. What we intend to do is to contribute together with other states to bring the sides directly involved at the negotiating table.

Ambassador Traian Chebeleu also referred to the Foreign Ministry's activities in January:

Over January 8-11 Mr. Adrian Dohotaru, undersecretary of state in the Romanian Foreign Ministry, and representatives of the Ministry of Culture and of Education and Science will pay a visit to Madrid to negotiate a new cultural and scientific cooperation programme between Romania and Spain in the period spanning 1991-1992.

Over January 7-10 a programme for exchanges in education science and culture between Romania and China over 1991-1993 will be negotiated in Beijing. The Romanian delegation will be led by Mr. Stelian Oancea, director of the Cultural Directorate of the Foreign Ministry. The delegation includes officials in the Ministry of Culture and of the Education and Science. The document is to be initialed by the heads of the two delegations and will be signed during President Ion Iliescu's visit to China (January 14-19).

Hungarian Relations Viewed

AU0301194991 Bucharest ROMPRES in English 1845 GMT 3 Jan 91

[Text] Bucharest ROMPRES, 3/1/1991—Referring to the appreciation by Mr. Tamas Katona, secretary of state of the Hungarian Foreign Ministry, in an interview with daily "NEPSZABADSAG" that Romanian-Hungarian talks had been unsuccessful lately, Ambassador Traian Chebeleu, Romania Foreign Ministry spokesman, said in his January 3 news conference that "we believe it was not our fault."

Mr. Katona, Mr. Chebeleu went on, hints at relations the Hungarian Foreign Ministry might have in Romania "over the head" of the Romanian Foreign Ministry, which he defines as "particularly promising," concluding that "we must seek in Romania all hands held out to shake ours." In that context he mentions the "excellent military convention" concluded by the defence ministers

of the two countries and the support by the Romanian delegation of certain positions expressed by the Hungarian delegation at the Vienna conventional weapon talks. In that respect, it should be noted that the Romanian delegation to the Vienna conventional weapon talks had been briefed and advised by the Ministry of Foreign Affairs itself.

A more general remark that we cannot help making, Mr. Chebeleu underlined, is that the Hungarian Ministry of Foreign Affairs should not rely on the idea that the members of the Romanian Government have different opinions about promoting a good neighbourly policy with Hungary or that there may be some "forces" in Romania making foreign policy decisions "over the head" of the Ministry of Foreign Affairs.

Mr. Katona opines that "we are making a fool of ourselves in the eyes of the world with our endless quarreling," that "the world does not wish to arbitrate the Hungarian-Romanian problem" and that "we must settle it within a European framework and at a European level."

Such statements, Mr. Chebeleu said, call for several remarks.

In the first place, as far as we are concerned, we do not "quarrel" and have nothing to quarrel about with the Hungarian side. What we have been doing lately, as we have announced, was to take public stand and specify our position and points of view in connection with such statements by Hungarian officials as, in our opinion, do not present facts accurately or are against CSCE provisions and unanimously accepted principles of international law. The government before the May 20, 1990 elections and even our government in the first two or three months was more "tolerant" by not taking stand against various such statements of the Hungarian officials, which, on the one hand, confused public opinion and, on the other hand, led to misinterpretations by the Hungarian Foreign Ministry with regard to the firmness of our government's positions and their compliance with the principles of justice and international law.

In the second place, we must clearly point out that there is no such thing as a "Hungarian-Romanian problem"; there is no problem between the two countries and, therefore, nothing to solve within a European or any other framework. We are not so naive as to be unaware of the existence of certain forces that would like to give international public opinion and even the governments of other countries the impression there is "a problem" that "Europe" would be called to "arbitrate." This is not the moment to insist on the motivation of such efforts. It is enough to recall the 1940 "arbitration."

What truly exists, Mr. Chebeleu stressed, is a state of tension artificially created and maintained by the Hungarian side, also by taking advantage of the difficulties Romania is facing in the present process of transition toward a democratic and pluralist society and a market economy. The tension will cease when the Hungarian side decides to observe the principles of inter-state relations enshrined in the CSCE documents.

Referring to the statement the Hungarian Foreign Ministry made on December 22, 1990 at 17 hours [1500 GMT], Mr. Katona appreciated it used "a totally different language."

It is indeed worth mentioning the effort the Hungarian Foreign Ministry made in that statement to break free from past cliches. However, if we are to examine the substance of the statement, we find it is confused, mixing elements of recognition of Romania's radical changes, of our country's theses and concepts pursuing purely political goals such as the thesis of "peaceful, negotiated settlement of differences of opinion," or the concept of "individual and collective rights of ethnic minorities," as well as other phrases we would rather not define here and now, such as the Hungarian support to the "Romanian Government's efforts," or referring to the "Romanian December revolution" as "the dramatic events of Timisoara and Bucharest December last" which are all out of place in that statement.

We appreciate that, at last, Mr. Katona finds that after the December revolution one "truly positive fact" occurred in Romania, namely the "relative freedom of the press." Even if he thinks that is the only truly positive fact after the December 1989 revolution, we still see a certain progress in the way Hungarian officials appreciate developments in Romania which we welcome, Ambassador Chebeleu concluded.

Two Joint Moldovan Border-Crossing Stations Open

AU0301145091 Bucharest ROMPRES in English 1002 GMT 3 Jan 91

[Text] Bucharest ROMPRES, 3/01/1991—By joint agreement with the government in Kishinev, the Romanian state officials approved the opening in the Botosani County of two frontier crossing stations for international traffic in the radius of the localities Stinca-Costesti and Radauti Prut-Lipcani. Fit buildings, transport means and modernized access ways are planned to be built in these new stations for the traffic to be properly handled.

Government Spokesman Thanks FRG for Assistance

AU0301210391 Bucharest ROMPRES in English 1943 GMT 3 Jan 91

[Text] Bucharest ROMPRES, 3/1/1991—In connection with the decision recently announced by the German Government to supply to Romania, in the form of aid, 390 MW electric power over January 7- March 31, 1991 the Romanian Government's spokesman, Secretary of State Bogdan Baltazar, stated inter alia to the Romanian press: "This substantial aid adds to the one Romania had received immediately after the revolution from the German Government as well as from various entities in

Germany which confirmed and are confirming that a friend in need is a friend indeed'."

In connection with the new support the German Government granted to Romania, for all the proofs of generous human solidarity received after the revolution from the federal government, from the governments of various lands, from municipalities, from public and charity organisations, as well as from many private persons to surmount the inherent difficulties confronting us in the economic and social life, Mr. Baltazar, emphasised, Romania's Government, Prime Minister Petre Roman personally convey Federal Chancellor Helmut Kohl, Deputy Chancellor Hans Dietrich Genscher, minister of foreign affairs, as well as the whole German people the warmest thanks, the expression of our feelings of friendly gratitude and a wholehearted "A Happy New Year."

Culture Minister Queried on Resignation, Monarchy

AU0201210891 Bucharest Domestic Service in Romanian 2000 GMT 2 Jan 91

[Report on interview with Minister of Culture Andrei Plesu in Bucharest by unidentified reporter on 2 January; place not given]

[Text] In an interview granted to the television this evening in connection with his application for resignation, which he has forwarded to the prime minister, Minister of Culture Mr. Andrei Plesu made a few clarifying statements.

Mr. Andrei Plesu emphasized that as far as he was concerned he would not have agreed to participate in a government if he had the slightest doubt that that government was not a democratic one; however, on the other hand we are a government learning to govern through experience. We therefore have to realize that we can make mistakes and that we can correct them in the process of governing.

The minister also specified that his application for resignation warns against the risk that not all of us are consulted about the government's general strategies; in particular, communiques are issued on behalf of the government which the government has not seen beforehand.

My opinion, the minister said, is that we have to change our governing style, and for this reason we have to make corrections while governing. We have to learn—both the government and the opposition, as well as the so-called apolitical groups—to judge people's gestures by relying on their good faith, the minister also said.

Referring to the problem of a monarchy, Mr. Andrei Plesu said that he favors a national referendum that should take place on the basis of correct information.

In the conclusion of the interview, Mr. Andrei Plesu said:

[Begin Plesu recording] I am very impatient to have that meeting tomorrow or, more likely, the day after tomorrow with my colleagues in the government to see what their views are. In turn, I have to admit that I can also make mistakes. I would be inconsistent if I claimed that I am absolutely correct; however, I think that, in any case, it is important to say what we think. Furthermore, when we think that it is our duty to intervene to correct certain procedural defects of the government activity we should be able to do so, without dramatizing the situation. The resignation of a minister is something bordering on a catastrophe. I do not want to cause a catastrophe and in fact I do not believe in catastrophes. I do not believe that one can live in a constant state of [word indistinct]. Similarly, I do not believe that the concept of the revolution has to be turned into an everyday concept. The revolution is an anomaly; it happens only once in a long period of time. To maintain a state of constant revolution is an idea that actually very much resembles Ceausescu.

I think that we can improve through evolution on the condition that, being lucid and careful, we react with the purity of our conscience whenever this is required. [end recording]

Senate Meets 3 Jan; Land Law Discussed

AU0301195091 Bucharest ROMPRES in English 1814 GMT 3 Jan 91

[Text] Bucharest ROMPRES, 3/1/1991—Romania's Senate gathered on Thursday, January 3, in its first 1991 plenary session. In consideration of the urgency and the need to adopt the draft land law, the senators agreed to continue their debates on that bill of which 20 articles have already been voted.

The Senate president, Mr. Alexandru Barladeanu, conveyed New Year congratulations to the senators and asked those wanting to express their opinions on the draft law to think of matters of principle in the first place, with particular cases to be included in other normative acts. Mr. Barladeanu asked the Senate specialised commission to discuss the law and work as a mediator between the two chambers at the same time. In that context, the Senate president urged the Ministry of Agriculture to work out the rules for the application of the law in the shortest possible time and asked the government to work out a draft resolution on the institution of commissions to apply its provisions so that the matter may be solved by March.

Law on Land Stock Examined

AU0301220191 Bucharest ROMPRES in English 2024 GMT 3 Jan 91

[Text] Bucharest ROMPRES, 3/1/1991—After about four hours of debates, the Senate voted Article 21 of the bill on the land, formulated as follows: "For the surfaces

allotted to them, the rightful owners shall be issued property deeds, taking into account, wherever necessary, their option to work the land singly or in various forms of association, totally or partly private, on the basis of which they will be enabled to take possession of the land." At the third paragraph the article stipulates: "The producer cooperative farms that are not dissolved shall reorganize within three months, with agreement from their members, becoming cooperative companies or other forms of legal companies and associations. In all the cases, the forms of association are and remain private."

A great many senators brought to the attention of the Senate the great variety of the situations and phenomena taking place in the counties, expressing the concern and worry of a number of peasants in the large agricultural areas, who are afraid of the cooperative farms' dissolution which could have negative consequences on the labour force in those areas, as most people there are old, and fear for their pensions. At the same time, opinions were expressed to the effect that an optimal, profitable agriculture cannot be made on small lots of only a few hectares.

The plenum works will resume on Friday, at 9 o'clock.

TAROM Strike Continues; All Flights Canceled

AU0301164991 Bucharest ROMPRES in English 1534 GMT 3 Jan 91

[Text] Bucharest ROMPRES, 3/1/1991—The airline company "TAROM" continues to be paralysed by the strike of the over 800 pilots and navigating personnel, called two weeks ago in support of their financial and administrative claims. All internal and external flights have been canceled. Passengers travelling abroad use foreign lines operating in Romania.

The governmental inquiry panel appointed by Prime Minister Petre Roman held its first meeting Thursday, 3 January, to examine the causes underlying this labour conflict, to establish whether the claims are reasonable and whether or not the laws in force have been violated. The panel shall submit its report to the prime minister by 15 January.

Concomitantly approval has been given for the set-up of a share-holding air company to be registered with the Chamber of Commerce and Industry. Likewise, the "TAROM" state company is to be disbanded. The personnel so discharged will be paid for three months by [word indistinct] standards until the unemployment law is passed. The future share-holding company will negotiate labour contracts with the staff to be recruited as required for by an efficient activity.

TU Protests Government Tactics

AU0301220291 Bucharest ROMPRES in English 2027 GMT 3 Jan 91

[Text] Bucharest ROMPRES, 3/1/1991—The trade union [TU] of "TAROM" navigating staff protests in a communique released on 3 January against the "disinformation campaign" organized by some newspapers as well as against "the government's statements which present only part of reality." It also protest against the policy of "TAROM" company of breaking the strike by hiring foreign aircraft and crews in hard currency" with "disastrous" economic effects, the communique reads.

The setting up of a joint parliamentarian-governmental commission is required to inquire into the effects of the strike as well as into the activity of the "TAROM" management both and during before the strike .

The communique specifies that until social, professional and wage claims are met the strike of the TAROM navigating personnel continues.

Tudjman's 22 Dec Address to Croatian Assembly

AU0401114891 Zagreb VJESNIK in Serbo-Croatian 23 Dec 90 pp 3, 4

[Speech by Croatian President Franjo Tudjman at special session of the Croatian Assembly in Zagreb on 22 December]

[Excerpts] The house,
Esteemed President and ladies and gentlemen,
Deputies of the Croatian Assembly,
Honorable president and ministers of the government,
Respected guests,
On the occasion of the promulgation of the Constitution of the Republic of Croatia, I think that it is more than necessary to say something about the real meaning, that is, the essence and the scope of this act.

In the political life of every nation the promulgation of a new constitution, that is, the fundamental law of the social order, is always something special, sometimes even historic. Such examples can particularly be found in cases where national sovereignty and state independence have been achieved, or in the case of profound (revolutionary) sociopolitical changes. [passage omitted]

The Republic of Croatia and Croatian society—as well as the states and societies of other countries [zemlja] in Yugoslavia—are today in a transitional period, in some kind of a state and administrative vacuum that does not really suit anybody. This is a situation characterized by a kind of duality of authority in which the executive and judiciary powers of the federal and republican states intertwine and clash with one another. The consequence of such a situation is a kind of lawlessness that is encouraged by some republics that are waging not only a media and psychological war, but also an economic war against the others. It would be beneficial for everyone if this situation were to be overcome as soon as possible.

What is the way out?

Federal Institutions - Mediators

First: In recognizing the status quo regarding interrepublican borders and respecting the right of every republic-state to determine what kind of relations it wants to have with other state-republics. Although the Republic of Croatia has many reasons to be dissatisfied with the present borders, we agree to recognize the status quo in the awareness that today is not the right time for altering borders in Europe because international factors do not accept border alterations. Moreover, within the democratic order of the EC, border areas should not be a reason for quarrels, threats, confrontations, and wars, but areas for the promotion of cooperation, links, trade, and development. If we accept the present borders we are sure that our geopolitical position, interests, and closeness will lead to all kinds of trade, economic, and other links with Bosnia-Hercegovina, Slovenia, and other states of present-day Yugoslavia, and especially the EC.

Second: Regarding the sovereignty of the republic and the negotiations and signing of interstate treaties and agreements, we do not accept any kind of arbitration of the Federal Assembly, the Presidency, or the government that would imperil the sovereign constitutional rights of the Croatian people and the democratically elected leadership of Croatia. Federal institutions could play a positive role as mediators in finding solutions in direct negotiations, but not as higher entities that can make any kind of independent decision. As the president of the republic, I take this opportunity to restate the readiness of the Croatian leadership to hold talks with all legitimate representatives of other peoples and nationalities, but all treaties and agreements must be submitted for approval (ratification) to this honorable house—the Croatian Assembly—the highest defender of the statehood and independence [samostojnost] of the Croatian people, all citizens of Croatia, and the sovereignty of the Republic of Croatia.

Third: The Constitution binds us to build a modern and sovereign republic of Croatia in all spheres, with all the powers and characteristics of such states. The actual transition from the present situation in the SFRY—in which the republics have an insufficiently defined, semiconfederal status—to a new situation that will be appropriate to our Constitution, which means a transition to a confederal union of sovereign republics, or full independence, we will accomplish sensibly, as we have done in the past, by taking the circumstances and balance of power in the SFRY, Europe, and the world into consideration.

In doing this we will always and only be led by the permanent interests and ultimate aims of the Croatian people and all the citizens who consider Croatia to be their country. These interests boil down to the Republic of Croatia attaining internationally recognized state sovereignty as soon as possible. We are bound to do this by the will of the people, which was unanimously expressed at the elections, the will that was transferred into the sacred Constitution, to which all of us who wrote, adopted, and promulgated it have solemnly pledged ourselves.

Regarding this, allow me also to say something at this festive time about why we are not declaring independence straight away or why we are not holding a referendum on this as was done in Slovenia.

We are not doing this for several reasons:

a) There is no political need for such a plebiscite because almost all parties, or let me be more precise, those parties that represent some 80 percent of the electorate, stated in their programs that they are in favor of a sovereign and independent Croatia. In this sense the elections in Croatia were a "plebiscite," and this Constitution is the confirmation of the people's will, expressed at the free democratic elections.

b) The plebiscite itself would therefore mean a new stand, while a decision to hold such a referendum would

only exacerbate misunderstanding and resistance in some other republics and among a fair number of Serbs in Croatia, as well as in the Yugoslav People's Army, which might provide a pretext to those who want to incite bloodshed and civil war with great consequences for the Croatian and other peoples, thinking that in the armed clash they would command significant superiority.

c) The international democratic public and the influential factors in the European and world politics do not accept the program of the disintegration of Yugoslavia and alterations of borders in Europe, and fully support democratic changes, and in fact accept the Republic of Croatia as a reality on which they can count.

d) In making its decisions the Croatian leadership must bear in mind the fact that the Croatian people do not only live in Croatia, but also in Bosnia-Hercegovina, Serbia, and Montenegro (in Backa, Srem, Boka Kotorska), and it must therefore consider the solution in its entirety.

Yugoslavia—Union of States

e) Although—considering our entire experience— we are against the idea of Yugoslavia being preserved in the present day or some other form, we are not excluding, but, on the contrary, are offering a draft of possibilities of how the SFRY could be transformed into a union or perhaps several unions of sovereign Yugoslav states. We consider the rationale behind such a proposal to be acceptable to other republics or states and political viewpoints that do not see a solution outside Yugoslavia because they will have to adjust their views to the fact that the world is widely integrating in a civilized way, while at the same time it is becoming increasingly individualist in terms of nationalities. Those who should adjust their demands to this fact, as well as the fact that Europe is becoming a community, are those who are making extreme demands concerning the proclamation of an independent Croatia, and, by being so intransigent, are forgetting that the fate of a nation almost never solely depends on its own will.

f) And finally, even if no agreement can be reached on a possible form of cohabitation in the new union, one should still strive for an agreement on disbanding in a democratic way, not only to avoid the danger of anarchical disintegration, but also to protect the interests of Croatia as a whole, in the territorial, economic, and international respect.

Today we can say with pleasure that the free Western world —the official world and especially the democratic public—have understanding for our policies, which are aimed at securing in a democratic way the rights of the Croatia people to self-determination, and the rejection of all kinds of tutelage and all kinds of restrictions on their political and economic sovereignty. Our proposal for a union or so-called loose confederation as a possible solution to the Yugoslav crisis, which is a threat to peace in Europe, is being increasingly accepted in the commentaries of the reputable newspapers, prominent diplomats, statesmen, and politicians. With its democratic and principled politics, Croatia has already acquired a prominent reputation and is becoming a more recognizable subject in the democratic world.

Although the Constitution envisages it, in the present circumstances we cannot embark on the direct creation of our own diplomatic service considering the undeniable fact that the SFRY is the subject of international law and order, but we will open "Croatian offices" in a number of countries and cities. We will try to be rational and purposeful: these offices will provide services for the Croatian emigres and will deal with economic, cultural, tourist, administrative, and other matters.

In whatever way the Yugoslav community may be disbanded, the Yugoslav diplomatic infrastructure and the Armed Forces of the SFRY, in which Croatia has both property and vested interests, remain a special problem of substantial political and state significance.

Fourth: The development and modernization of the state administration is one of the first tasks that is facing us. [passage omitted]

Croatia Adopts Economic Program for 1991

AU0301193791 Belgrade BORBA in Serbo-Croatian 29-30 Dec 90 p 15

[G. Gojak, V. Djordjevic, and M. Krmpotic report: "A 'New Deal' or an Independent Currency"]

[Excerpts] Zagreb—After the announcement of the development strategy, Croatia yesterday received—through the decision of the deputies of the Assembly of the Republic of Croatia—an economic program for 1991 which, as concluded, renders this republic a sovereign state in the political and economic sense. As pointed out by the opening speakers in the Assembly chambers (Dr. Franjo Greguric in the Chamber of Associated Labor, Dr. Marjan Hanzekovic in the Sociopolitical Chamber, and Dr. Bozo Udovcic in the Chamber of Communes)—who spoke on behalf of the proposer, the republican government—the program of the economic policy, which is accompanied by executable acts, also adopted at the session yesterday, and the budget, which is yet to be implemented, all proceed from the new Constitution of the Republic of Croatia and the confederal approach toward Yugoslavia. The republican budget is drafted as if Croatia were a confederal state. [passage omitted]

The program of the Croatian 1991 economic policy aroused particular interest among the deputies, the greatest interest, naturally, being expressed in the Chamber of Associated Labor where more than 30 people took part in the discussion. Like in the Chamber of Communes, the delegates of this chamber presented a number of proposals, objections, and proposals which the government will take into account when it puts the established program into operation. Of course, during

the discussion the representatives of the Croatian Democratic Community insisted in particular on the independence and sovereignty of Croatia through original speeches stressing the need for a "new deal" (Dr. Vladimir Veselica). There were also objections to the fixed dinar and even suggestions that if changes are not introduced in this area Croatia should have its own monetary-credit policy and its own currency. [passage omitted]

Serbian Assembly Adopts Economic Package

AU0301191991 Belgrade POLITIKA in Serbo-Croatian 29 Dec 90 p 1

[Unattributed report: "Resolute Commitment to Relieve the Economy of Its Burden"]

[Excerpt] Yesterday, on the second day of the Serbian Assembly's two-day session—which met for the last time in its present form— the delegates of all three chambers accepted the economic package prepared by the Executive Council. On the first day the delegates accepted the package only in part, but yesterday they agreed that failing to adopt these bills would hinder the financing of public needs this and next year, at least until the new national assembly has been elected.

The new tax changes should relieve the economy and transfer a part of the taxes to those sectors that have more money. Among these bills there are two completely new bills—a tax on property and a tax on cars. The effect of the entire package, as has been estimated, will yield 6.4 billion dinars. [passage omitted]

Republics Not Meeting Federal Budget Obligations

AU0301211891 Belgrade BORBA in Serbo-Croatian 26 Dec 90 p 3

[J. Kesic report: "Money Earmarked for Budget Misappropriated"]

[Excerpt] Belgrade—On 12 December, the "minus" in the federal budget was 9 billion dinars. Up to that date 91.8 billion dinars were supposed to have been paid on the account of the federal budget. Only 82.9 billion dinars or 85 percent of that amount was actually received. The reason for this drop in revenue is the illegal retention of the revenue raised through the turnover tax and import duties and levies by the republican and provincial Social Accounting Services, that is, the failure of these services to transfer money to the federal budget.

According to the report compiled by the Social Accounting Service of Yugoslavia, which was forwarded to the SFRY Assembly yesterday, until the aforementioned date of 12 December, the Yugoslav People's Army had received only 85 percent of its dues, while other sectors financed by the federal budget received only 83.4 percent of the envisaged sum. Since the federation has not received the full amount of the envisaged revenue, the federal budget owes money to all spending departments. The worst affected party is the fund for intervention in the economy. The fund for stimulating exports is still owed 1.9 billion dinars, subsidies for fertilizers is owed 407.7 million dinars, and subsidies for interest on loans is owed 800 million dinars.

The Social Accounting Service of Yugoslavia has carried out two audits concerning errors in the distribution of revenue raised through the basic tax and a special turnover tax, as well as import duties and levies by the republican and provincial Social Accounting Services, and has come to the disheartening conclusion that none of the federal units respect the federal regulations when it comes to the payments of revenues collected for the federal budget. [passage omitted]

Exports Rise by 5.6 Percent Between Jan, Dec

AU0301192291 Belgrade BORBA in Serbo-Croatian 29-30 Dec 90 p 15

[Unattributed report: "Exports Increased by 5.6 Percent"]

[Text] Belgrade—Between the beginning of January and 24 December of this year, the value of our exports was $13.681 billion. This represents an increase of 5.6 percent in relation to the same period last year.

According to the data of the Federal Institute for Statistics, exports to hard currency markets rose 11.2 percent and amounted to $11.344 billion.

Loncar To Confer With Kuwaiti, Saudi Leaders

AU0401091991 Belgrade Domestic Service in Serbo-Croatian 0900 GMT 4 Jan 91

[Text] Federal Foreign Affairs Secretary Budimir Loncar is leaving for the Saudi town of Taif where he will meet the Kuwaiti leadership in exile. They are expected to talk about the crisis in the Gulf and the role the Nonaligned Movement can play in seeking a political solution.

Loncar will also visit Riyadh where he is going to talk with Saudi leaders about the gulf crisis.

Role of Nonaligned To Be Stressed

LD0401112791 Belgrade TANJUG Domestic Service in Serbo-Croatian 1017 GMT 4 Jan 91

[Excerpts] Belgrade, 4 Jan (TANJUG)—Federal Foreign Affairs Secretary Budimir Loncar left Belgrade today for Saudi Arabia within the framework of the peace mission entrusted upon Yugoslavia, as the chairman of the Nonaligned Movement, by the nonaligned countries. This is the third round of the peace mission aimed at finding a peaceful settlement to the gulf crisis. [passage omitted]

The visit to Saudi Arabia is divided into two parts. In the first part, Loncar will meet the Kuwaiti government-in-exile. It is expected that both sides will discuss the

latest developments in the gulf and the role of the nonaligned countries in finding a peaceful solution to the crisis. They will conduct bilateral talks.

On Sunday and Monday [6-7 January] Loncar will hold talks in Riyadh. With his host, Saudi Foreign Affairs Minister Sa'ud al- Faysal Bin-'Abd-al-'Aziz Al Sa'ud, Loncar will discuss all aspects of the Gulf crisis, as well as possibilities for the crisis to be resolved in a peaceful manner.

Venezuelan Foreign Minster Continues State Visit

Discusses Gulf With Loncar

PA0201223191 Mexico City NOTIMEX in Spanish 1944 GMT 2 Jan 91

[Text] Caracas, 2 Jan (NOTIMEX)—Venezuelan Foreign Minister Reinaldo Figueredo traveled to Belgrade today to meet with his Yugoslav counterpart, Budimir Loncar, to discuss the Persian Gulf conflict.

As president of the Nonaligned Movement, Budimir Loncar met with Iraqi officials in Baghdad last week to promote a peaceful solution to the conflict.

In Belgrade, Figueredo will hold consultations on the Iraqi Government's reply to the nonaligned countries' peace efforts.

Mutual Satisfaction Expresses With Jovic

LD0301153491 Belgrade TANJUG Domestic Service in Serbo-Croatian 1440 GMT 3 Jan 91

[Text] Belgrade, 3 Jan (TANJUG)—Borisav Jovic, president of the SFRY Presidency, today received Reinaldo Figuerado Planchart, Venezuelan minister of foreign affairs, who is on a working visit to our country at the invitation of the Federal Secretariat for Foreign Affairs.

In the course of cordial and friendly talks, both sides expressed mutual satisfaction with the pace of bilateral cooperation. They lent full support to projects which will be realized by Yugoslav enterprises in Venezuela. This Latin American country will become one of the most important Yugoslav trading partners in this part of the world.

Minister Figuerado extended greetings from Venezuelan President Perez to President Jovic. He underlined Venezuelan interest for further cooperation with Yugoslavia on the multilateral plane, in particular within the Group 15 [name as received].